

<b>Board of Directors</b>	Mr. M. P. Purushothaman Chairman & Managing Director  Ms. Nisha Purushothaman, Director Mr. R. Rangachari, Independent Director Mr. Suresh Raj Madhok, Independent Director
<b>Audit Committee</b>	Mr. R. Rangachari Mr. Suresh Raj Madhok Ms.Nisha Purushothaman
<b>Stakeholders Relationship Committee</b>	Mr. R. Rangachari Mr. Suresh Raj Madhok Ms.Nisha Purushothaman
<b>Nomination and Remuneration Committee</b>	Mr. Suresh Raj Madhok Mr. R. Rangachari Ms.Nisha Purushothaman
<b>Statutory Auditors</b>	M/s.Venkatesh& Co., Chartered Accountants 'Sri Ranga', New No.151, Mambalam High Road, T.Nagar, Chennai – 600 017.
<b>Bankers</b>	Indian Bank Union Bank of India Indian Overseas Bank Bank of India Punjab National Bank Oriental Bank of Commerce Andhra Bank
<b>Registered Office</b>	Ayyapareddipalem Village Naidupet - 524 126, Nellore District, Andhra Pradesh.

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

**Important Communication to Members**

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

## EMPEE SUGARS AND CHEMICALS LIMITED

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting of Empee Sugars and Chemicals Limited (CIN: L24110AP1988PLC009291) will be held on Friday, 29<sup>th</sup> September, 2017 at 11.30 a.m. at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pin code-524 126, Andhra Pradesh to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31<sup>st</sup> March, 2017, including the audited Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms.Nisha Purushothaman (DIN 00044868) who retires by rotation and being eligible offers herself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 M/s.Venkatesh & Co, Chartered Accountants, (Firm Registration No. 004636S) be and is hereby re-appointed as Auditors of the Company by means of ratification to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company at such remuneration and reimbursement of out of pocket expenses plus GST as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

#### SPECIAL BUSINESS:

#### 4. **Appointment of Mr. Suresh Raj Madhok as an Independent Director.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder read with Schedule IV to the Act, as amended from time to time, Mr. Suresh Raj Madhok, (DIN 00220582) a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria to be an Independent Director as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Mr.Suresh Raj Madhok as a candidate for the office of director along with the deposit of one lakh rupees which shall be refunded *if he gets elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution*, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a period of 5 years with effect from 13.2.2017

#### 5. **RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITOR.**

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

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-

## EMPEE SUGARS AND CHEMICALS LIMITED

enactment(s) thereof, for the time being in force), the remuneration payable to Mr. N. Thiagarajan Cost Accountant (Reg. No.11733) appointed by the Board of Directors of the Company for the audit of the cost records of the Company for the financial year 2016-17 , amounting to Rs.30,000/- (Rupees Thirty thousand only) as also the payment of GST as applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

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

### 6. APPROVAL FOR TRANSACTION WITH RELATED PARTIES:

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

“RESOLVED THAT pursuant to the provisions of Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, and all other applicable provisions of the Companies Act, 2013, consent of the members of the company, be and is hereby accorded to enter into transactions for the financial year 2017-18 as per details given below.

Particulars	Amount (Rs. in lakhs)
Office Rent – M/s.Aruna Constructions	24.23

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

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

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

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

Place: Chennai  
Date : 21.08.2017

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

### Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED AND STAMPED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING**
- A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT

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- ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
  4. The Register of members and share transfer books of the company will be closed from 27.09.2017 to 29.09.2017 (both days inclusive).
  5. Members/proxies should bring the attendance slip duly filed along with copy of Annual report for attending the meeting.
  6. In case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
  7. Members who hold shares in dematerialized form are requested to quote Depository Account number (client ID No.) for recording of attendance at the AGM.
  8. Members are requested to intimate changes if any, in their address to the Registrar and share transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", V Floor, 1, Club House Road, Chennai - 600 002.
  9. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and the Company has paid listing fees up to date.
  10. The Register of Directors and KMPs and their shareholding maintained under Section 170 of the Companies Act will be available for inspection by the Members at the AGM.
  11. The relevant details as required by LODR, 2015 entered into with the Stock Exchange, of Directors seeking appointment / re-appointment are provided in the annexure..
  12. The unclaimed dividend amount of Rs.7,91,990 pertaining to interim dividend declared for the Financial Year 2010-11 needs to be transferred to Investor Education and Protection Fund (IEPF) on 08-11-2017.
  13. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended till date and Clause 35B of the Listing Agreement, Company is providing facility for voting by electronic means (remote e-voting) and the business may be transacted through such voting. Further, the facility for voting through ballot or polling paper shall also be made available at the venue of meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The Board of Directors has appointed Mr. N.Ramanathan, Partner, M/s. S Dhanapal & Associates, Practising Company Secretaries, Chennai, as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities enabling the members to cast their vote in a secured manner. The e-voting facility will be available at the link [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
  14. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
  15. The procedure and instructions for remote e-voting is furnished in this notice.
  16. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the ballot/ poll/ e-voting will be announced by the Company on its website – [www.empeegroup.com](http://www.empeegroup.com) within three days of the Annual General Meeting.

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17. Members who have not registered their e-mail ID are requested to update the same with the Company, if held in physical form or to the Depository if held in Demat mode.
18. The Route map for the venue of the AGM is annexed.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID  
 a. For CDSL: 16 digits beneficiary ID,  
 b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
 c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (i) The remote voting period begins on Tuesday, 26.09.2017 at 10.00 A.M. and ends on Thursday, 28.09.2017 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which has been fixed as 22.09.2017, may cast their vote electronically.

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

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

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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

- (i) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e 22.09.2017 may follow the same procedure for e-Voting as mentioned above.
- (ii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the AGM through ballot paper.
- (iii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” / “Poling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (iv) The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (v) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 22.09.2017.
- (vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in) and on the website of the CDSL within two days of the passing of the resolutions at the Annual General Meeting of the Company, and communicated to National Stock Exchange of India Limited and BSE Ltd.
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## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

The Board on 13.2.2017 appointed Mr. Suresh Raj Madhok as an Additional Director (independent Director ) of the Company pursuant to the provisions of Sec.161 of the Companies Act, 2013 and Articles of Association of the Company. He will hold office upto the date of this AGM. The Company has received a notice in writing under Sec.160 of the Act, from a member alongwith a deposit of requisite amount proposing the candidature of him for the office of the Independent Director u/s.149 of the Act. Section 149(10) of the Companies Act, 2013 provides that an independent director shall hold office for a term of up to five consecutive years from the date of appointment. Further, section 149(13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors. Accordingly, he will function as an Independent Director upto 12.02.2022.

None of the Directors / Key Managerial Personnel of the Company is in any way concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution for approval by the Members.

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

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of Mr.N. Thiagarajan Cost Accountant, to conduct the audit of the cost records of the Company for the financial year ended 31.3.2017. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2016-17 as set out in the Resolution.

None of the Directors/Key Managerial Personnel of the Company is in any way concerned or interested in the said Resolution.

The Board recommends the same for approval of the Members.

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

The Company proposes to enter into transactions with the related parties in the financial year 2017-18 as mentioned in the resolution which requires the approval of the shareholders by means of special resolution. The details regarding the transaction as required under the Act are given below:

**EMPEE SUGARS AND CHEMICALS LIMITED**

Name of the related parties	M/s. Aruna Constructions
Name of the Director or Key Managerial Personnel who is related, if any	Mr. M.P.Purushothaman Ms. Nisha Purushothaman
Nature of Relationship	Director/ Partner
Nature, Material Terms, Monetary Value and Particulars of the Contract or arrangement	Office Rent : Rs. 24.23 lakhs
Duration of Contract Or arrangement	Rent for Head Office and Guest house as per agreement.

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

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

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

**Place: Chennai  
Date : 21.8.2017**

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

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

Name	<b>Mr.SURESH RAJ MADHOK</b>
Date of Birth	01-09-1941
Date of Appointment	13-02-2017
Qualifications	Post Graduate in Foreign Trade
Expertise in specific functional areas	HOTEL INDUSTRY
Directorship held in other Public Limited Companies	1.Raj Electricals India Limited 2. Empee International Hotels and Resorts Limited. 3.Apollo Sindoori Hotels Limited 4. Empee Hotels Limited. 5. South India Hotels &Restuarants Association. 6. Empee Distilleries Limited
Membership /Chairmanship of Committees of all Public Companies	Empee Distilleries Limited
No. of shares held in the company.	Nil
Relationship with any Directors of the company.	-

## EMPEE SUGARS AND CHEMICALS LIMITED

### BOARDS' REPORT

The Directors have pleasure in presenting their Report together with audited accounts for the year ended March 31, 2017.

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

Particulars	2016-17 (Year ended 31.3.2017)	2015-16 (Year ended 31.3.2016)
Operating Profit/ (Loss) before Interest and Depreciation	(1163.70)	(2829.33)
Other income	44.14	250.51
Less: Interest	46.22	5687.45
Less: Depreciation	2474.81	2473.58
Profit / (Loss) before Tax	(3684.73)	(10739.85)
Prior period items	-	-
Provision for Taxation (earlier year)	-	-
Deferred Tax Liability/ (Asset)	-	-
Profit/(Loss) after Tax	(3684.73)	(10739.85)
B/F Profit/(Loss)	(55220.78)	(44480.93)
C/F Profit/(Loss)	(58905.49)	(55220.78)

Present status of the Company - referring to NCLT:

Pursuant to last year's annual report, the Company which was registered as a Sick Company under the provisions of Sick Industries (Special) Provisions Act with BIFR continued to be under the purview of BIFR upto the November 2016. Consequent to the abolition of BIFR w.e.f. 1.12.2016, the Company falls under the provisions of Insolvency and Bankruptcy Act(IBC) 2016 and the Company has taken all efforts to register the

Company as corporate debtor under the said provisions of IBC with National Company Law Tribunal, Hyderabad.

Assigning of Bank loans to Edelweiss Reconstruction Company (ARC):

As reported in the last year's Directors' Report, the total borrowing of the Company from Banks viz. (IOB, BOI, PNB, UBI, IB, AB, OBC, BOM, FB) led by BOI in the consortium amounted to Rs.706.66Cr. Besides this, the Company had also borrowed from Sugar Development Fund to the tune of Rs.57.47Cr. These loans were availed for the units located at Naidupet and Ambasamudram. As on the date of this report the banks comprising OBC, UBI, IB, AB, PNB, FB and BOM have assigned their loans aggregating Rs 512.47Cr to Edelweiss ARC . It is apprised that the balance amount of Rs 194.07 Crs of the total outstanding in respect of BOI and IOB is outstanding. BOI has taken legal action under the provisions of SARFAESI Act to attach the assets located at Ambasamudram and the Company has taken suitable action to address the same. Besides this, the Company is in discussion with BOI for a possible assignment of outstanding loans to ARC. Likewise the Company is in discussion with IOB for assignment of loans with ARC. This apart , the Company had to repay Sugar Development Fund of Rs 57.47 Cr. as on 31st March, 2017.

#### Review of Financial Performance :

The operating loss before interest and depreciation for the year under review was Rs.1163.70 lacs. As reported in the Annual Report last year, the Sugar mill at Ambasamudram could not be operated due to non-availability of sugar cane. As a consequence of non-operations of the sugar mill, the 50MW power plant had to be shut due to dearth of Bagasse from Sugar plant and non availability of sufficient working capital for purchase of coal, being an alternate fuel.

However with the purchase of coal on credit basis , Ambasamudram generated 40489500 units of power resulting in a turnover of Rs.20.71crs with a loss of Rs. 5.46crs.

## EMPEE SUGARS AND CHEMICALS LIMITED

During the year under review Sugar Unit at Naidupet crushed 1,28,398 MTs of cane and produced 10780.60 MT of Sugar and achieved a recovery rate of 8.40% as against 8.86% in the previous year.

The IAP Unit has produced 65,41,560 litres of ENA, RS, IS/DS during the year under review.

### **Future Outlook:**

Having been referred to BIFR and being referred to NCLT under IBC, and due to lack of finance, the Company may continue to perform at nominal levels in respect of Sugar (by operating Naidupet Sugar Unit), Power and IAP portfolios. Further due to non-availability of sugar cane in and around Ambasamudram, the chances to restart crushing operations continues to be remote.

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

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

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

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

### **Dividend :**

Due to a reference being made to NCLT under the provisions of IBC, and in view of accumulated losses in the successive years from FY2013, the Company is unable to declare any dividend.

### **Share Capital :**

The paid up share capital of the Company is 41972900 equity shares of Rs.10 each. The share application money of Rs.140.36 crs remains unallotted in favour of the holding company namely

Empee Distilleries Ltd due to a) non-obtainment of statutory approvals and b) the Company is under BIFR/IBC.

### **Deposits :**

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

### **Transfer to Reserves :**

Due to losses of the Company for the year ended 31.3.2017, your Directors have not proposed any amount to be transferred to the General Reserves of the company.

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

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

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

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

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

#### **Chief Financial Officer :**

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

## EMPEE SUGARS AND CHEMICALS LIMITED

### **Number of Board Meetings held during the year 2016-17 :**

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

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

Due to sudden death of Mr. Shankar Menonon 22.01.2017, he ceased to be a Director of the Company. The Board recorded his valuable services and advice to the Company.

Mr. Suresh Raj Madhok was appointed as an Additional Independent Director vide a Board Resolution dated 13.02.2017 and will hold office till the conclusion of this Annual General Meeting. A notice in writing to appoint him as an independent Director has been received pursuant to Sec. 160 of the Companies Act, 2013 alongwith requisite deposit sum. A resolution to appoint him as an independent director is included in the AGM notice for the approval of the shareholders.

Ms. Nisha Purushothaman who retires by rotation offers herself for re-appointment.

### **Declaration by Independent Directors :**

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

### **Details of Polices.**

#### **a. Nomination and Remuneration Policy :**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and payment of their remuneration. The Company's Remuneration Policy is available on the

Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in) and the same is attached herewith as **Annexure - C.**

#### **b. Risk Management Policy :**

Business Risk Evaluation and Management is an ongoing process within the Organization. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Board has framed a Risk Management Policy for the Company. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

#### **c. Whistle Blower Policy :**

Your Company has formulated a Vigil Mechanism Policy with a view to provide a mechanism for employees and directors of the Company to approach the Audit Committee to ensure adequate safeguards against victimisation. This policy would help to create an environment wherein individuals feel free and secure to raise an alarm, whenever any fraudulent activity takes place or is likely to take place. It will also ensure that complainant(s) are protected from retribution, whether within or outside the organization. The details of establishment of the Vigil Mechanism Policy as per **Annexure – D** is displayed on the website of the Company [www.empeegroup.co.in](http://www.empeegroup.co.in).

### **Corporate Governance :**

As required by Regulation 27 of SEBI's LODR, 2015 with the Stock Exchanges, the Corporate Governance Report and the Auditor's Certificate regarding compliance of Corporate Governance, forms part of the Annual Report.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Board Committees :

Name of the Committee	Composition	Details of Meetings held during the year 2016-17
Audit Committee	Mr.R.Rangachari – Chairman Mr.Suresh Raj Madhok Ms.NishaPurushothaman	30.5.2016, 11.8.2016, 12.11.2016 and 13.02.2017
Nomination & Remuneration Committee	Mr.Suresh Raj Madhok – Chairman Mr.R.Rangachari Ms.NishaPurushothaman	30.5.2016 , 11.08.2016, 12.11.2016 , 13.2.2017
Stakeholders' Relationship Committee	Mr.R.Rangachari – Chairman Mr.Suresh Raj Madhok Ms.NishaPurushothaman	18.4.2016 , 13.5.2016 , 4.6.2016 10.6.2016 , 20.6.2016 , 30.6.2016 8.8.2016, 12.10.2016 , 19.10.2016 12.11.2016, 2.12.2016, 27.12.2016, 31.12.2016, 18.1.2017 , 31.1.2017, 22.3.2017, 31.3.2017

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

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

#### Names of Companies which have become or ceased to be its subsidiaries, joint ventures or associate Companies during the year – Not applicable

#### Subsidiaries

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

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

#### Auditors'

#### Statutory Auditors :

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

The Company has received a letter from the Statutory Auditors of the Company, Venkatesh & Co, (ICAI Firm Registration Number: 0046365) Chartered Accountants, to the effect that the ratification of their appointment, if made, will be as per the requirements laid down under Section 139 and 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 subject to approval of the Members..

Accordingly, a resolution is being placed before the Members for their approval as given in the AGM notice.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Audit Qualification :

a. **Qualification :** The accumulated losses of the company have exceeded the net worth of the company. Hence the company has made a reference to BIFR under the sick industrial companies Act and the Company has been registered under BIFR vide case no:69/2014. However, effective from December 2016 BIFR proceedings have been abated. The Company is to make an application under Insolvency and Bankruptcy Code, 2016 before NCLT, Hyderabad. However, the accounts have been prepared on a going concern basis.

### Reply :

The Company has filed an application before NCLT, Hyderabad and hence restructuring the operations of the Company is dependent on admission of the company under IBC and on the 'Resolution process' to be finalised by NCLT.

b. **Qualification :** The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 (refer note no 4) towards share application money from holding company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid. However the Company is of Opinion that this issue will have to be decided by NCLT, Hyderabad as the proceedings under BIFR have since been abated.

**Reply :** Since the Company's net worth has been eroded and admission of the company before NCLT, Hyderabad as Corporate debtor is pending the status of share application money can be decided only by NCLT under resolution process.

**C. Qualification :** Confirmation of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvester Advances and other deposit is subject to confirmation and reconciliation.

**Reply :** The same has since been reconciled.

**d. Qualification :** The Sugar Unit at Ambasamudram has not been functioning for the last 4 years, However no impairment of assets in accordance with AS 28 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.

**Reply :** This will be addressed only upon NCLT, Hyderabad admitting the Company's application as Corporate Debtor under IBC.

### e. Qualification :

Interest has not been provided on loans amounting in all to Rs.486 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.

**Reply :** This will be addressed only upon NCLT, Hyderabad admitting the Company's application as Corporate Debtor under IBC.

### f. Qualification :

Bank Balances amounting to Rs.35.63 lakhs is subject to Confirmation.

**Reply :** Bankers confirmations have since been obtained.

### Secretarial Auditors :

M/s. S Dhanapal & Associates, a firm of Practicing Company Secretaries, Chennai has been appointed as Secretarial Auditors of the Company for the Financial Year 2017-18 in the Board meeting held on 29.05.2017.

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

**Cost Auditors :**

The Board has appointed Mr. N.Thiagarajan as Cost Auditor of the Company in terms of Section 148 of the Companies Act, 2013 for the financial year 2017-18 in the Board meeting held on 29.05.2017. A resolution to ratify the payment of remuneration to Mr.NThiagarajan, Cost Auditor for the financial year 2016-17 is set out in the notice convening the AGM.

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

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

**Related party Transactions :**

The details of Related Party Transactions during the year ended 31.03.2017, being arm's length transactions have been reported in the Financial statements and forms part of this report as per annexure-H.

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

There is no pecuniary relationship or transactions of the Non-Executive Independent Directors vis-à-vis the company for the year ended 31.3.2017.

**Managerial Remuneration :**

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

**Board's Evaluation :**

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

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

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

**Adequacy of Internal Financial Controls :**

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

The Internal Audit/Control is exercised through an external auditor namely, M/s. Ramesh Subramaniam & Co., Chartered Accountants, Chennai. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal audit/control system .



## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

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

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure - J**.

### **Industrial Relations:**

The Industrial relations continued to remain congenial during the year.

### **Director's Responsibility Statement :**

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

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of

the profit or loss of the Company for the year under review.

- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The directors have prepared the annual accounts on a going concern basis.
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **Acknowledgement :**

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

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

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

**Place: Chennai**

**Date : 21.8.2017**

## EMPEE SUGARS AND CHEMICALS LIMITED

### Annexure -A

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

(Rs. inlacs)

SI No.	Particulars	Loans	Investments	Guarantees
1	EMPEE DISTILLERIES LIMITED	496.29	-	-
2	EMPEE POWER COMPANY (INDIA) LTD.,	498.80	-	-

### Annexure – B

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### i. Industry Over view :

##### Industry outlook :

The importance of Sugar sector is linked to national economy. The consumption of sugar has been growing historically, but the production remains cyclical. At present, the sugar industry is regulated across the value chain and the sector has struggled to generate a return on invested capital in excess of its cost of capital in most years, primarily due to a high mandated fixed cane price and a volatile sugar price. The sugar industry also supports diversified ancillary activities and skills that support the local economy. The dependent population creates substantial demand for local goods and services. In addition to the sugar industry's contribution to the rural economy, it has significant social and economic impact for the nation as well. The sugar industry is a green industry and is largely self sufficient in energy needs through utilisation of bagasse for generating electricity and steam. In fact, the sugar industry generates surplus exportable energy through cogeneration and contributes in reducing the energy deficit that India is currently facing. The sugar industry is also the primary source of raw material for the alcohol industry in India. With these derivatives to sugar production, most of the Companies in India are unable to perform better due to multitudes of problems such as higher cane cost without increase in the sale price of sugar, non-availability of working capital, transport cost, non-availability of cane etc.

##### Segment wise performance :

As reported in the Board's report the Company has been registered as a sick Company with BIFR upto 30.11.2016 and consequent to its abolition and introduction of IBC in its place, the Company has filed an application before NCLT, Hyderabad as corporate debtor under the provisions of IBC. During the year under review, the Sugar Unit at Naidupet crushed 128398 MTs of cane and produced 10780.60 MT of Sugar and achieved a recovery rate of 8.40 %. The IAP unit has produced 6541560 litres of ENA/ RS/IS/DS in the FY 2016-17.

##### Financial Performance

The financial performance and outlook is furnished in the Director's Report. With the continued strain on the finance of the Company consequent to entire net worth erosion and ways and means to raise finance are also remote, the functioning of the Company will be dependent on the restructuring scheme to be prepared and approved by NCLT, Hyderabad upon admission of the company under IBC.

**Internal Control System :**

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

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

**Cautionary Statement :**

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

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**Annexure –C**

**Nomination and Remuneration Policy**

**INTRODUCTION**

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

**CONSTITUTION OF COMMITTEE**

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

**OBJECTIVE**

The Nomination and Remuneration/Compensation Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 27 under

## EMPEE SUGARS AND CHEMICALS LIMITED

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the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the Committee would be:

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

### APPLICABILITY

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

### DEFINITIONS

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

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

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

“**Key Managerial Personnel**” means

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

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

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

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

**1. Appointment Criteria and Qualifications**

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

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

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

**2. Term / Tenure**

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

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

**b) Independent Director :**

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

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

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

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

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

**3. Removal**

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

#### **4. Retirement**

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

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

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

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

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

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

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

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

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

#### **DUTIES IN RELATION TO REMUNERATION MATTERS**

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

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

#### **REVIEW AND AMENDMENT**

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

#### **Whistleblower Policy**

##### **Introduction**

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

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

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

### **Scope of Policy**

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

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

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

### **Safeguards Protection**

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

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

### **Confidentiality**

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

### **Anonymous Allegations**

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

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

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



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### Procedure for Making a Disclosure

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

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

### Protection Against Retaliation

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

### Reporting

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

### Contacts

The relevant contacts are :

Person	Position	Email Address
Ms.Nisha Purushothaman	Director	<a href="mailto:nishapurushothaman@empeegroup.co.in">nishapurushothaman@empeegroup.co.in</a>
Mr.M.P.Purushothaman	Chairman of the Board	<a href="mailto:mppurushothaman@empeegroup.co.in">mppurushothaman@empeegroup.co.in</a>
Mr. R. Rangachari	Independent Director	<a href="mailto:sharangachari@gmail.com">sharangachari@gmail.com</a>

### Form AOC-I

**Annexure – E**

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

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

#### Part “A”: Subsidiaries

Rs. in lacs

1	Sl. No.	1	2
2	Name of the subsidiary	<b>Empee Power Company (India) Ltd</b>	<b>Appollo Wind Energy Pvt Ltd</b>
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.4.2016 To 31.3.2017	01.4.2016 To 31.3.2017
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.

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5	Share capital	232.75	1.00
6	Reserves & surplus	(1661.96)	-
7	Total assets	10777.89	-
8	Total Liabilities	10777.89	-
9	Investments	-	-
10	Turnover	388.26	-
11	Profit before taxation	(627.65)	-
12	Provision for taxation/Deferred taxation	-	-
13	Profit after taxation	(424.01)	-
14	Proposed Dividend	-	-
15	% of shareholding	100	100

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

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

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

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

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

**EMPEE SUGARS AND CHEMICALS LIMITED**

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**ANNEXURE - F**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017**

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

To,  
The Members,  
**EMPEE SUGARS AND CHEMICALS LIMITED,**  
Chennai

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Empee Sugars and Chemicals Limited**, (hereinafter called the Company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company has, during the audit period covering the financial year ended on March 31, 2017, appears to have complied with the statutory provisions listed hereunder and also in our limited review, that the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute's book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2017 according to the applicable provisions of :

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made thereunder as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

## EMPEE SUGARS AND CHEMICALS LIMITED

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- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities which were listed during the year under review
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review and
- V) The management has identified and confirmed that since the company has filed an application to the Board for Industrial and Financial Reconstruction (BIFR) and no special laws shall be applicable to the Company. Pursuant to the notification of Insolvency and Bankruptcy code ,2016 with effect and repeal of SICA provisions , the company has informed us that they are in the process of filing application with National Company Law Tribunal as corporate debtor for commencement of corporate Insolvency Resolution Process.

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

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

During the period under review, the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to few lapses under the Companies Act, 2013, SEBI's (LODR), 2015 relating to appointment of Key Managerial Personnel, Loans & Advances and Guarantees to other companies, filing of e-forms,Audit committee meeting, newspaper advertisement/publication, website disclosures, share application money pending allotment and reporting the outcomes of Board meetings.

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

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

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

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations.

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

- Appointment of Mr. R. Rangachari as an Independent Director
- Ratification of Remuneration payable to Cost Auditor;
- Approval for Related Party Transactions;
- Appointment of Mr. M.P. Purushothaman as Chairman and Managing Director;

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

The company has paid managerial remuneration of Rs. 57.04 Lakhs during the year which is in excess of limits prescribed under the provisions of companies act, 2013.

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

Place : Chennai

Date : 29.5.2017

**For S Dhanapal & Associates**

**S. Dhanapal  
(Partner)**

**FCS 6881; CP No. 7028**

**EMPEE SUGARS AND CHEMICALS LIMITED**

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

**Annexure A**

**To**

**THE MEMBERS,  
EMPEE SUGARS & CHEMICALS LIMITED  
Chennai**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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

Place :Chennai  
Date : 29.5.2017

**For S DHANAPAL & ASSOCIATES**

**S. DHANAPAL  
(PARTNER)  
FCS 6881; CP No. 7028**

**EMPEE SUGARS AND CHEMICALS LIMITED**

**ANNEXURE - G**

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors report for the year ended 31<sup>st</sup> March, 2017.

**A. CONSERVATION OF ENERGY**

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

**FORM A**

	<b>Year 2016-17 (Naidupet Unit)</b>	<b>Year 2015-16 (Naidupet Unit)</b>
<b>(A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased units (Kwh)	2695101	2423000
Total Amount (Rs.)	21102641	18972090
Rate / Unit (Rs.)	7.83	7.83
b) Cogen to Sugar (Kwh)	3600832	3431744
Total Amount (Rs.)	14691395	16300784
Rate/Unit (Rs.)	4.08	4.12
c) Own generation	Nil	Nil
(i) Through Diesel Generator Units (Kwh)	15000	34979
Units/(liter) of Diesel Oil	3.2	3.45
Cost / Unit (Rs.)	19.8	17.2
(ii) Through steam turbine(generated out of our own bagasse Consumption) units (Kwh)	Nil	Nil
2. Coal	300	2760
Cost / Ton (Rs.)	4762	3850
3. Furnace Oil	Nil	-
4. Others/Internal generation	Nil	
a) Fire wood (MTs)	Nil	-
Rate per Mt (Rs.)	Nil	
b) Husk (MTs)	4700	-
Rate per Mt (Rs.)	2970	-
<b>(B) CONSUMPTION PER QUINTAL OF SUGAR</b>		
Sugar Produced (Qtl)	103370	166306
Electricity (Kwh/Qtl)	24.40	27.94
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	Nil	Nil

**EMPEE SUGARS AND CHEMICALS LIMITED**

	<b>2016-17 (Ambai Unit)</b>	<b>2015-16 (Ambai Unit)</b>
<b>(A) POWER AND FUEL CONSUMPTION - POWER DIVISION</b>		
1. Electricity	4,42,200	6,03,900
a) Purchased units(Kwh)	98,66,586	1,20,13,398
Total Amount (Rs.)	22.31	19.89
Rate / Unit (Rs.)	-	80,904
b) Cogen to Sugar (Kwh)	198	-
c) Own generation		
(i) Through Diesel Generator Units (Kwh)	100	-
Units/(liter) of Diesel Oil	28.17	-
Cost / Unit (Rs.)	4,42,200	6,03,900
(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	4,55,62,300	N.A
2. Coal (MTs)	41,177.92	-
Cost / Ton (Rs.)	4481	-
3. Furnace Oil	-	-
4. Others/Internal generation		
a) Fire wood (MTs)	36.37	-
Rate per Mt(Rs.)	3,300	-
b) Husk (MTs)	N.A	N.A
Rate per Mt (Rs.)	N.A	N.A
<b>(B) CONSUMPTION PER QUINTAL OF SUGAR</b>		
Sugar Produced (Qtl)	NIL	NIL
Electricity (Kwh/Qtl)	NIL	NIL
Coal (M.T/Qtl)	NIL	NIL
Furnace Oil (K.L/Qtl)	NIL	NIL
Fire wood (M.T/Qtl)	NIL	NIL

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

D. FOREIGN EXCHANGE EARNINGS	Nil
FOREIGN EXCHANGE OUTGO	Nil

On behalf of the Board

Place : Chennai.  
Date : 21.8.2017

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



**EMPEE SUGARS AND CHEMICALS LIMITED****Annexure - H (a)****FORM NO. AOC-2**

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

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

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

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

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

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	Aruna Constructions
b)	Nature of contracts/arrangements/transaction	Rent
c)	Duration of the contracts/arrangements/transaction	12 months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	24.23 lakhs
e)	Date of approval by the Board	11.02.2016
f)	Amount paid as advances, if any	-

On behalf of the Board of Directors

Place : Chennai  
Date : 21.8.2017

**M.P. Purushothaman**  
Chairman

Annexure - H (b)

**Remuneration of Directors and Key Managerial Personnel**

Remuneration paid to Chairman & Managing Director for the year ended 31.3.2017 :

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

**ANNEXURE – I**

**PARTICULARS OF THE EMPLOYEES**

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

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

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

- b. The median remuneration for the year 2016-17 : Nil  
 c. The percentage increase in the median remuneration of employees in the financial year : Nil  
 d. The number of permanent employees on the rolls of Company: Nil  
 e. The explanation on the relationship between average increase in remuneration and company performance : N.A.  
 f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company : N.A.

**EMPEE SUGARS AND CHEMICALS LIMITED**

Annexure - J

**Form No. MGT-9**

**Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March 2017.**

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

**I. REGISTRATION AND OTHER DETAILS :**

1.	CIN	L24110AP1988PLC009291
2.	Registration Date	24.11.1988
3.	Name of the Company	EMPEE SUGARS AND CHEMICALS LIMITED
4.	Category /Sub-Category of the Company	Public Company limited by shares
5.	Address of the Registered office and contact details	Ayyapareddipalem Village,Naidupet Mandal Nellore District, Andhra Pradesh -524 126. Phone: 044-28531111; Email : <a href="mailto:cs@empeegroup.co.in">cs@empeegroup.co.in</a>
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Cameo Corporate Services Limited No.1, Subramaniam Building, Club House Road, Chennai - 600 002 Telephone: 044-28460390 Email id: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1.	SUGAR	170199.02	43.62
2.	IAP	29.05	31.42
3.	POWER	-	24.96

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the company	CIN/GIN	Holding/ Subsidiary of the company	% of shares held	Applicable section
1	EmpeePower Company (India) Ltd	U40101TN1996PLC 035285	Subsidiary	100%	2(87)
2	AppolloWind Energy Pvt. Ltd.	U40108TN2004PTC 054943	Subsidiary	100%	2(87)

**EMPEE SUGARS AND CHEMICALS LIMITED**

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i. Category-wise Share Holding.

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	1619241	-	1619241	3.86	1619241	-	1619241	3.86	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	27582023	-	27582023	65.71	27469523	-	27469523	65.44	-0.27
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any other Directors & Relatives	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1)</b>	<b>29201264</b>	<b>-</b>	<b>29201264</b>	<b>69.57</b>	<b>29088764</b>	<b>-</b>	<b>29088764</b>	<b>69.30</b>	<b>-0.27</b>
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total – A(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Share holder of Promoters (1+2)</b>	<b>29201264</b>	<b>-</b>	<b>29201264</b>	<b>69.57</b>	<b>29088764</b>	<b>-</b>	<b>29088764</b>	<b>69.30</b>	<b>-0.27</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FII's	-	-	-	-	-	-	-	-	-
h. Foreign Ven. Capital Fund	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total-B(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institution</b>									
a. Body Corp.	1094430	-	1094430	2.62	951707	-	951707	2.27	-0.35
b. Individual :									
i. Individual shareholders holding nominal share capital upto Rs.2 lakh	4608505	2419005	7027510	16.74	4834378	2396505	7230883	17.23	0.49
ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	4234095	35600	4269695	10.17	4258673	26700	4285373	10.21	0.04
<b>C. Others</b>									
(i) NRI (Rep)	-	-	-	-	77457	-	77457	0.18	0.18
(ii) NRI (Non-Rep)	81348	-	81348	0.19	5392	-	5392	0.01	-0.18
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) HUF	283067	-	283067	0.67	288544	-	288544	0.69	0.02
(v) Trust	-	-	-	-	100	-	100	-	-
(vi) In Transit	15586	-	15586	0.04	44680	-	44680	0.11	0.07
<b>Sub-Total-B(2)</b>	<b>10317031</b>	<b>2454605</b>	<b>11677206</b>	<b>30.43</b>	<b>10460931</b>	<b>2423205</b>	<b>12884136</b>	<b>30.70</b>	<b>0.27</b>
<b>Net Total (1+2)</b>	<b>10317031</b>	<b>2454605</b>	<b>11677206</b>	<b>30.43</b>	<b>10460931</b>	<b>2423205</b>	<b>12884136</b>	<b>30.70</b>	<b>0.27</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>39518295</b>	<b>2454605</b>	<b>41972900</b>	<b>100</b>	<b>39549695</b>	<b>2423205</b>	<b>41972900</b>	<b>100</b>	<b>-</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

ii. Shareholding of Promoters :

Sr	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total share of the company	Shares Pledged/ encumbered to total shares	No. of shares	% of total share of the company	Shares Pledged/ encumbered to total shares	
1	MP Purushothaman	1,447,591	3.45	630542	1,447,591	3.45	630542	-
2	A K Aruna	58,250	0.14	-	58,250	0.14	-	-
3	Nisha Purushothaman	28,300	0.07	14433	28,300	0.07	14433	-
4	Shaji Purushothaman	28,100	0.07	-	28,100	0.07	-	-
5	Sheena Purushothaman	27,000	0.06	-	27,000	0.06	-	-
6	Sheeju Purushothaman	30,000	0.07	15300	30,000	0.07	15300	-
7	Empee Distilleries Ltd	26,622,102	63.43	20450332	26,622,102	63.43	20450332	-
8	Empee Holdings Ltd	959,921	2.29	-	8,47,421	2.02	-	-0.27
	<b>Total</b>	<b>29,201,264</b>	<b>69.57</b>	<b>26265607</b>	<b>290,88,764</b>	<b>69.30</b>	<b>26265607</b>	<b>-0.27</b>

iii. Change in Promoters' Shareholding : -1,12,500 shares

iv. Shareholding Pattern of top ten shareholders.

(other than Directors, Promoters and Holders of GDRs and ADRs) :

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year – 1 <sup>st</sup> April 2016		Shareholding at the end of the year – 31 <sup>st</sup> March 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SANJU SUDHIR KOTHARI	2000000	4.76	2000000	4.76
2	SANJAY KUMAR JAIN	262265	0.62	262265	0.62
3	SHAILESH HARAN	200000	0.48	200000	0.48
4	ATIKAASHAH	-	-	158457	0.38
5	RAK JIG TEXTILE PVT LTD	142350	0.34	142350	0.34
6	ANIKET SHAH	-	-	135000	0.32
7	AYUSH ABHAY SHAH	-	-	132003	0.31
8	TIRUMALA IRONS PVT LTD	125000	0.30	125000	0.30
9	SUNIL SUDHIR KOTHARI	124100	0.30	124100	0.30
10	GOGU VENKATA RAMANA REDDY	-	-	112560	0.27
11	ABRAHAM VIDIVELLI	-	-	81912	0.19

**EMPEE SUGARS AND CHEMICALS LIMITED**

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year – 1 <sup>st</sup> April 2016		Shareholding at the end of the year – 31 <sup>st</sup> March 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Nil</b>					

**V. INDEBTEDNESS**

Indebtedness of the company including interest outstanding/accrued but not due for payment.

Rs. in Lakhs

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
1. Principal amount	68052.99	-	-	68052.99
2. Interest due but not paid	8360.72	-	-	8360.72
3. Interest accrued but not due	-	-	-	-
Total (1+2+3)	76413.11	-	-	76413.11
Change in Indebtedness during the financial year				
+Addition				
-Reduction	-127.52	-	-	-127.52
Net change				
Indebtedness at the end of the financial year 31.3.2017	-	-	-	-
1. Principal amount	67924.87	-	-	67924.87
2. Interest due but not paid	8360.72	-	-	8360.72
3. Interest accrued but not due	-	-	-	-
Total (1+2+3)	76285.59	-	-	76285.59

**EMPEE SUGARS AND CHEMICALS LIMITED**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

Sr. No,	Particulars of Remuneration	Total Amount (Rs. in lacs)
	Name of MD/WTD/Manager : <b>Mr. M.P. Purushothaman*</b> Chairman & Managing Director	
1.	Gross Salary	
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act.	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - As % of Profit	-
	- Others, specify	-
5.	Others, please specify	-
	- Provident Fund & other funds	-
	Performance Bonus	-
	<b>Total (A)</b>	-
	Ceiling as per the Act	-

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

**A. Remuneration of other Directors :**

I. Independent Directors:

Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
	Mr.R. Rangachari	Mr. Suresh Raj Madhok	Mr.Shankar Menon	
Fee for attending Board / Committee meeting	33000	5000	26000	64000
Commission	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
Total(1)	33000	5000	26000	64000



**EMPEE SUGARS AND CHEMICALS LIMITED**

II. Other Non-Executive Directors :

<b>Other Non-Executive Directors</b>	<b>Ms. Nisha Purushothaman</b>	<b>Total Amount (Rs. in lacs)</b>
Fee for attending Board / Committee meeting	33000	33000
Commission	Nil	Nil
Others	Nil	Nil
<b>Total</b>	<b>33000</b>	<b>33000</b>
Ceiling as per Act	1% of the Net profits of the company	

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

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Total Amount (Rs. in lacs)</b>
	<b>Name of the KMP :</b>	
1	Gross Salary a) Salary as per provision contained in sec 17(1) of the IT Act. b) Value of perquisites u/s 17(2) IT Act 1961 c) Profits in lieu of salary u/s 17(3) of IT Act 1961.	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - As % of Profit- - Others, specify	-
5.	Others -Contribution of Provident fund Performance Bonus	-
	<b>Total (C)</b>	<b>-</b>

**VII. Penalties /Punishment/ Compounding of offences (Under the Companies Act) : None**

## EMPEE SUGARS AND CHEMICALS LIMITED

### Report on Corporate Governance in terms of Clause 49 of the Listing Agreement/SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

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

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

#### 2. Board of Directors :

Board Directors of the Company consists of an Executive Director and three Non-Executive Directors. Two Non-Executive Directors are independent and one Non-Executive Director is a promoter director and they have no pecuniary relationship with the Company in their capacity as Director. During the year ended 31.03.2017, the Board met four times and the maximum gap between two meetings was not more than 120 days. The above composition of the Board meets the requirements of the Listing Agreement/SEBI's (LODR), 2015 and the Companies Act, 2013.

#### Board and Committee Memberships :

The table below gives the details of Directorships, Committee Memberships and Chairmanships in Indian Companies as on 31<sup>st</sup> March 2017. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies. For the purpose of reckoning the limit, the Chairmanship / Membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

During the year, Board Meetings were held on 30.5.2016, 11.8.2016, 12.11.2016 and 13.02.2017.

Name of Director	Category	No. of Board meetings attended	Whether attended last AGM	Number of Directorships in other Indian Public Companies	No. of Committee positions held in other Public Companies	No. of Committee Chairmanship held in other Public Companies
Mr.M.P.Purushothaman	Promoter – Executive	4	Yes	9	3	3
Ms.Nisha Purushothaman	Promoter – Non-Executive	4	Yes	9	5	-
Mr.ShankarMenon *	Independent Non-Executive	3	-	3	1	3
Mr R Rangachari	Independent Non-Executive	4	Yes	4	2	2
Mr Suresh Raj Madhok (w.e.f. 13.02.2017)	Independent Non-Executive	1	-	6	1	1

\* Deceased on 22nd January 2017.

## EMPEE SUGARS AND CHEMICALS LIMITED

### Inter-se relationship of Directors :

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

### Meeting of Independent Directors :

During the year, a meeting of Independent Directors was held on 12.11.2016 and reviewed the performance of the Board as a whole on parameters of achievement and assessed the quality, quantity and timeframes of flow of information etc between the management and the Board. Mr.R.Rangachari, Chairman of the meeting presided over the meeting and the independent directors assessed the performance of Executive Director and Chairman.

### Familiarisation Programme :

The Company follows familiarization programme through various reports/statements/internal policies for all the Directors with a view to make

Meeting and the attendance during the year were as follows :

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

### 4. Nomination and Remuneration Committee :

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

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

### Executive Directors/ Whole Time Directors :

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

them understand the updates of the Company's policies and programmes. The details of familiarisation programme can be had from the Company's website: [www.empeegroup.co.in](http://www.empeegroup.co.in).

### 3. Audit Committee :

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

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

The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement/ LODR Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time.

specified under SEBI's(LODR), 2015 and Section 178 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time. Nomination and Remuneration Policy of the Company is annexed to the Board's Report vide **Annexure-C**.

Details of the remuneration of Executive Directors and Non-Executive Directors for the year ended 31<sup>st</sup> March 2017 are as follows:

## EMPEE SUGARS AND CHEMICALS LIMITED

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

### Non-Executive Directors :

Name of the Director	Sitting Fee (Rs.)
1. Ms.NishaPurushothaman	33000
2. Mr. Shankar Menon	26000
3. Mr. R.Rangachari	33000
4. Mr. Suresh Raj Madhok	5000

### 5. Stakeholders' Relationship Committee :

The Stakeholders' Relationship Committee consists of the following:

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

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

complaints related to share transfers, non receipt of balance sheets, non-receipt of dividend etc. The committee oversees the performance of the RTA and recommends overall improvement of the quality of investor services. 17meeting of this Committee was held on 18.04.2016, 13.05.2016, 04.06.2016, 10.06.2016, 20.06.2016, 30.06.2016, 08.08.2016, 12.10.2016, 19.10.2016, 12.11.2016, 02.12.2016, 27.12.2016, 31.12.2016, 18.01.2017, 31.01.2017, 22.03.2017 and 31.03.2017 during the year under review. During the year 2016-17, two complaints were received and resolved and hence no investor complaint was pending as on 31.03.2017.

### 6. CSR Committee – Not applicable

### 7. General Body Meetings :

The last three Annual General Meetings were held as under:

Year	Location	Date	Time	Whether special resolutions passed
2015-16	Ayyapareddipalem, Naidupet Mandal, Nellore District, Andhra Pradesh.	28.09.2016	11.30 a.m.	Yes
2014-15	-do-	22.09.2015	11.30 a.m.	Yes
2013-14	-do-	26.09.2014	11.30 a.m.	Yes

## EMPEE SUGARS AND CHEMICALS LIMITED

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

Sl . No.	Name	Designation	Held on 28-9-2016	Held on 22-9-2015	Held on 26-09-2014
1	Mr.M.P.Purushothaman	Chairman & MD	Attended	-	Attended
2	Ms.Nisha Purushothaman	Director	Attended	Attended	Attended
3	Mr.Shankar Menon	Director	-	Attended	Attended
4	Mr.R. Rangachari	Director	Attended	-	-

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

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

#### 8. Code of Conduct :

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

#### 9. Risk Management :

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

#### 10. Prevention of Insider Trading :

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

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

#### 11. Disclosures :

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

### 12. Subsidiary Companies :

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

### 15. General Shareholder Information :

i. AGM Date, time and venue	29.09.2017 at 11.30 a.m. at the Registered Office: Ayyapareddipalem Village Naidupet-524 126 Nellore District, Andhra Pradesh
ii. Financial year	1st April to 31st March in the next year.
iii. For the year ended 2017-18 First quarter result Second quarter result Third quarter results Fourth quarter results	Before 14 <sup>th</sup> August, 2017 Before 14 <sup>th</sup> November, 2017 Before 14 <sup>th</sup> February, 2018 Before 31 <sup>st</sup> May, 2018 (Subject to any extension of time granted by the Statutory Authorities.)
iii. Date of Book closure	27 <sup>th</sup> September 2017 to 29 <sup>th</sup> September 2017 (both days inclusive)
iv. Listing on Stock Exchanges	Bombay Stock Exchange Limited
v. Stock Code	500132

### 13. Compliance with Corporate Governance Norms :

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

### 14. Means of communication :

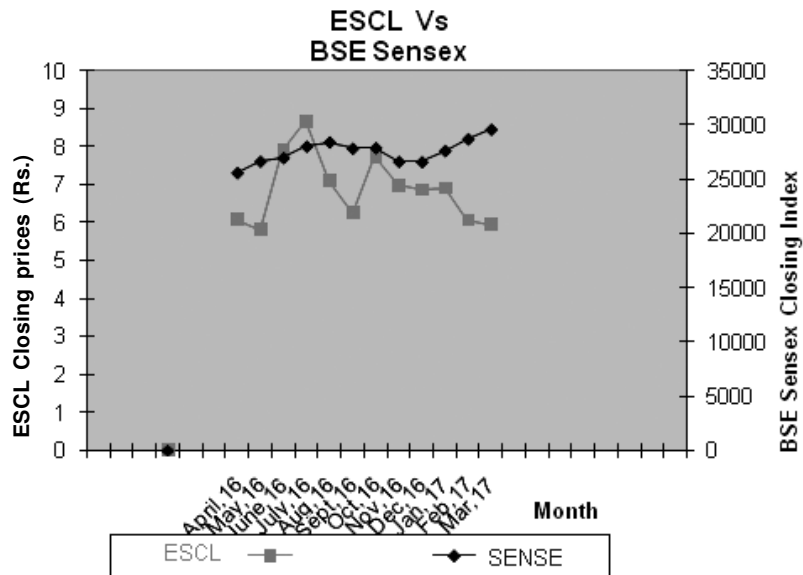
The Company is publishing quarterly unaudited / annual audited financial results in Trinity Mirror in English and Andhra Jothi (vernacular language). The Company has posted the quarterly/ annual results in the Company's website [www.empeegroup.co.in](http://www.empeegroup.co.in). No presentations were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

**EMPEE SUGARS AND CHEMICALS LIMITED**

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

Months	BSE		
	High Price	Low Price	Closing Price
	(Rs.)	(Rs.)	(Rs.)
Apr-16	8.40	5.73	6.09
May-16	8.71	5.20	5.82
Jun-16	7.91	5.80	7.91
Jul-16	9.45	7.33	8.68
Aug-16	9.93	6.00	7.11
Sep-16	7.50	5.37	6.28
Oct-16	8.94	5.22	7.74
Nov-16	8.78	5.71	6.99
Dec-16	8.41	6.05	6.87
Jan-17	8.10	6.52	6.91
Feb-17	7.90	5.80	6.08
Mar-17	7.30	5.20	5.95

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



## EMPEE SUGARS AND CHEMICALS LIMITED

**viii. Registrars and Share Transfer Agents**

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

**ix. Share Transfer system**

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

**x. Distribution of shareholding as on 31<sup>st</sup> March, 2017**

No. of equity shares held	No. of folios	No. of shares held	% of shareholding
1 to 100	17196	1644160	3.9171
101 to 500	4870	1418982	3.3807
501 to 1000	958	828555	1.9740
1001 to 2000	426	671502	1.5998
2001 to 3000	151	399708	0.9523
3001 to 4000	72	261966	0.6241
4001 to 5000	98	467378	1.1135
5001 to 10000	139	1042735	2.4843
10001 and above	137	35237914	83.9539
<b>Total</b>	<b>24047</b>	<b>41972900</b>	<b>100</b>

**xi. Shareholding pattern as on 31<sup>st</sup> March, 2017**

No. of equity shares held	No. of folio	No. of shares held	% of share-holding
Promoters	8	29088764	69.30
Private Corporate Bodies	136	951707	2.27
Clearing Members	15	44680	0.11
Indian Public	23708	11516356	27.44
NRIs and OCBs	42	82849	0.19
HUF	138	288544	0.69
<b>Total</b>	<b>24047</b>	<b>41972900</b>	<b>100</b>



## EMPEE SUGARS AND CHEMICALS LIMITED

<b>xii. Dematerialisation of shareholding and liquidity</b>	94.23% of total equity share capital is held in dematerialized form with NSDL and CDSL.
<b>xiii. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity</b>	Nil
<b>xiv. Plant locations</b>	<p><b>1.Andhra Pradesh Unit</b> :Ayyapareddipalem Village Naidupet-524 126 Nellore District, Andhra Pradesh.</p> <p><b>2. Tamilnadu Unit</b> : Idaikkai Village Ambasamudram Taluk Tirunelveli District, Tamilnadu.</p>
<b>xv. Address for correspondence</b>	Empee Tower, No.59, Harris Road Pudupet, Chennai – 600 002 E-mail ID: cs@empeegroup.co.in

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

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
09-11-2010	2010-11	08-11-2017	08-12-2017

It may be noted that no claim of the shareholders will be entertained by the Company for the unclaimed / unpaid dividends after their credit to the IEPF on the above said due date.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

**Board's Evaluation :**

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

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

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

I further confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2017, received from all the Board Members and Senior Management of the Company, a declaration of compliance with the Code, as applicable to them.

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

**For Empee Sugars and Chemicals Ltd**

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

Place: Chennai  
Date :21.8.2017

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### **CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR / CHIEF FINANCIAL OFFICER**

We hereby certify that we have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief, we report that

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

**For Empee Sugars and Chemicals Ltd**

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

Place: Chennai.  
Date: 21.8.2017

## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

We have examined the compliance of conditions of Corporate Governance by Empee Sugars and Chemicals Ltd ("the Company") for the year ended 31<sup>st</sup> March 2017 as stipulated in Regulation 27 of the SEBI (LODR), 2015 of the said Company with the relevant Stock Exchanges.

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

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

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

Place: Chennai  
Date : 21.8.2017

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

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

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### Independent Auditor's Report

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

#### Report on Financial Statements

We have audited the accompanying Standalone financial statements of M/s. EMPEE SUGARS & CHEMICALS LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss for the year ended on that date along with the cash flow statement annexed thereto, and a summary of the significant accounting policies and other explanatory information for the year then ended.

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

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

### **Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

- a) *The accumulated losses of the company have exceeded the net worth of the company. Hence the company has made a reference to BIFR under the sick industrial companies Act and the Company has been registered under BIFR vide case no:69/2014. However, effective from December 2016 BIFR proceedings have been abated. The Company is to make an application under Insolvency and Bankruptcy Code, 2016 before NCLT, Hyderabad. However, the accounts have been prepared on a going concern basis.*
- b) *The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 (refer note no 4) towards share application money from holding company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid. However the Company is of Opinion that this issue will have to be decided by NCLT, Hyderabad as the proceedings under BIFR have since been abated.*
- c) *Confirmation of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvester Advances and other deposit is subject to confirmation and reconciliation.(refer note no 8, 16, 18 & 38)*

## EMPEE SUGARS AND CHEMICALS LIMITED

- d) *The Sugar Unit at Ambasamudram has not been functioning for the last 4 years, However no impairment of assets in accordance with AS 28 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.*
- e) *Interest has not been provided on loans amounting in all to Rs.486 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.*
- f) *Bank Balances amounting to Rs.35.63 lakhs included in Note.17 is subject to Confirmation.*

### Qualified Opinion :-

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Profit and Loss Account, of the **Loss** for the yearended on that date;
- c) in case of cash flow statement, of the cash flows for the year ended on the date;

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

1. As required by the Companies (Auditor's Report) Order, 2016(" the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in 'Annexure-A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, aforesaid standalone financial statements comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
  - f) With respect to the adequacy of the Internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

## EMPEE SUGARS AND CHEMICALS LIMITED

- I. The Company does not have any pending litigations which would impact its financial position except the cases listed below ;

S. No	Case No	Court	Details of the case
1	OP by way of Appeal against Arbitration award by three member arbitral tribunal	Before High Court of Madras	M/s ISGEC raised disputes against M/s ESCL regarding settlement of dues in the supply and erection of boilers/turbines for our Ambasamudram and Naidupet projects. In the Arbitration, Rs 13 crores with future interest @24% awarded by the tribunal to ISGEC and the Company has filed an appeal in the High Court of Madras.
2	Writ Petition No. 244944 of 2011	Before High Court of Madras	A writ was filed by the Company against payment due of Rs 10,00,00,000/- from TNEB for ESCL Ambasamudram unit (Electricity purchase charges issue). Writ is pending.
3	WP No. 211147 of 2014	High court of Madras	A writ was filed by the Company against TNEB's demand of E-Tax for Rs.4,56,21,938/- for Ambasamudram unit.
4	O.S.18/2007	Before Principal District Court at Pondicherry	A Claim of loss and interest of Rs 40,00,288/ due by the Company towards purchase of Molasses from Pondichery Co-Op Sugar Mills Ltd against ESCL is pending for trial.
5	Civil suit No.39 of 2006	Before High Court of Madras	For recovery of claim against M/s Oriental insurance Co.Ltd under fire policy towards flood happened by act of God taken place during 2001 at Nayudupettah factory site is pending.
6	Wp No.23748 of 2014	High Court of AP	A writ against Demand of Value Added Tax for Rs. 1,19,36,620/- by Sales tax against ESCL is pending.
7	Appeal before CE	Customs and Excise Tribunal-SZ Bench at Chennai.	Appeal filed against the Order dt. 12-03-2014 the commissioner of Customs, Tuticorin directed to pay differential duty in the purchase of coal amounting to Rs.6,11,51,119/- with penalty of Rs. 8,50,00,000/- and penalty of Rs. 1,00,000/- against individual name of GM of ESCL company is pending.
8	Appeal No C/41475/2014-DB	Before Customs, Excise & Service Tax Appellate Tribunal, Chennai	The Commissioner of customs, Tuticorin has filed an appeal against CE's order granting exemption for customs duty to the tune of Rs.2,89,24,422/- under notification 46/2011 for import of coal from Asian Countries against ESCL. Appeal preferred by C E is pending.

## EMPEE SUGARS AND CHEMICALS LIMITED

- I. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- II. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.
- III. The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (**Refer Note No: 37**)

**For VENKATESH&CO.,  
Chartered Accountants  
F.R.No.004636S**

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

**Place : CHENNAI  
Date : 29/05/2017**

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

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

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.  
b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.  
c) As per the information provided to us, the title deeds of immovable properties are held in the name of the Company.
2. In our opinion and according to the information and explanations given to us, the inventories have been physically verified during the year by the management and no material discrepancies were noticed during the physical verification.
3. The company has given interest free loan to Empee Power Company India Limited of Rs. 49.89 crores and EDL Marketing Private Limited of Rs. 5.45 crores without stipulation as to the repayment of principal.
  - a) The terms and conditions of the loan are not prejudicial to the interests of the Company.
  - b) The schedule of repayment of principal has not been stipulated.

## EMPEE SUGARS AND CHEMICALS LIMITED

4. According to information and explanations given to us, the company has complied with Sections 185 and 186 of the Companies Act 2013.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provisions of section 73 to section 76 the Companies Act 2013 and rules framed there under are not applicable.
6. In our opinion and according to the explanations given to us, maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act,2013. We, are not made available with the cost records with a view to determine whether they are accurate or complete.
7. a) According to the records of the company, there have been delays in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. The details of the same as on the last day of the financial year concerned for a period of more than six months from the date they became payable are as follows:

Name of the State Act	Nature of Dues	Amount involved Rs. in Lakhs	Period to which the case relates	Status
A.P. Sugar Cane regulation of Sugar Cane Act	Andhra Pradesh Purchase tax payable	522.66	1994 – 2001	Paid Rs.133.49 lakhs towards said dues
Finance Act, 1994	Service Tax under Reverse Charge Mechanism – GTA	25.85	2014-2015	
Income Tax Act, 1961	Tax Deducted at Source	6.6	2015-2016	
Central Excise Act, 1944	Excise Duty	31.00	2015-2016	
Finance Act, 1994	Service Tax Reverse Under Charge Mechanism	1.99	2016-2017	
Income Tax Act, 1961	Tax Deducted at Source	5.77	2016-2017	
Central Excise Act, 1944	Excise Duty	5.98	2016-2017	

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



**EMPEE SUGARS AND CHEMICALS LIMITED**

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

8. Based on our audit procedures and according to the information and explanations given to us, the entire borrowings of company over due. The company's application at BIFR has been abated. The company is to make an application under Insolvency and Bankruptcy Code, 2016
9. According to the records of the company, the company has not raised moneys by way of initial public offer or further public offer and has not obtained any term loans during the financial year. Hence, comments under the clause are not called for.
10. According to information and explanations furnished to us, no fraud by or on the company by its officers or employees has been noticed or reported during the year.
11. In view of Default in repayment of Loans, the Managerial remuneration of Rs.57.04 Lakhs provided during the year is in excess of the Limits provided under section 197 read with schedule V of Companies Act 2013.
12. As the Company is not a Nidhi Company, we do not comment on Net Owned Funds to Deposit ratio and unencumbered term deposits as specified in Nidhi Rules 2014.
13. All transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
14. The Company has not made any Preferential Allotment or Private placement of shares or fully or partly convertible debentures during the year. Hence we do not comment on Compliance of section 42 of Companies Act 2013.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Venkatesh& Co.,**  
**Chartered Accountants**  
**F.R.No.004636S**  
**CA Dasaraty V**  
**M.No.026336**  
**Partner**

**Place : Chennai**  
**Date : 29.05.2017**

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

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

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

We have audited the internal financial controls over financial reporting of EMPEE SUGARS AND CHEMICALS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

**Place : Chennai  
Date : 29/05/2017**

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

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>Balance Sheet as at March 31, 2017</b>			<b>₹. In Lacs</b>
<b>Particulars</b>	<b>Note No.</b>	<b>As at Mar 31, 2017</b>	<b>As at Mar 31, 2016</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2	4,197.29	4,197.29
(b) Reserves and surplus	3	(59,505.49)	(55,970.77)
		<b>(55,308.20)</b>	<b>(51,773.48)</b>
<b>(2) Share application money pending allotment</b>	4	14,036.50	14,036.50
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	5	49,233.87	49,361.39
(b) Long-term provisions	6	34.28	174.72
		<b>49,268.15</b>	<b>49,536.11</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	7	27,051.72	27,051.72
(b) Trade payables	8	3,430.10	1,929.34
(c) Other Current Liabilities	9	669.88	985.37
(d) Short-term provisions	10	151.96	126.21
		<b>31,303.66</b>	<b>30,092.63</b>
<b>TOTAL</b>		<b>39,300.11</b>	<b>41,891.77</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		28,584.72	31,059.52
(ii) Capital work-in-progress		8.00	-
		<b>28,592.72</b>	<b>31,059.52</b>
(b) Non-current investments	12	666.57	1,090.58
(c) Deferred tax assets (net)	13	-	-
(d) Long-term loans and advances	14	5,816.76	5,616.97
		<b>35,076.05</b>	<b>37,767.08</b>
<b>(2) Current Assets</b>			
(a) Inventories	15	901.07	1,052.16
(b) Trade receivables	16	40.03	98.37
(c) Cash and cash equivalents	17	149.97	47.22
(d) Short-term loans and advances	18	3,132.99	2,926.94
		<b>4,224.06</b>	<b>4,124.69</b>
<b>TOTAL</b>		<b>39,300.11</b>	<b>41,891.77</b>

See accompanying notes to the financial statements

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

For and on behalf of the Board

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

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

Place : Chennai  
Date : 29.05.2017

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>Statement of Profit and Loss for the year ended March 31, 2017</b>		<b>₹. In Lakhs</b>	
<b>Particulars</b>	<b>Note No.</b>	<b>Year ended Mar 31, 2017</b>	<b>Year ended Mar 31, 2016</b>
I.	Revenue from operations	8,294.13	5,044.87
II.	Other income	44.14	250.51
<b>III.</b>	<b>Total Revenue (I + II)</b>	<b>8,338.27</b>	<b>5,295.38</b>
IV.	Expenses:		
	Cost of materials consumed	7,908.58	5,764.53
	Purchases of stock-in-trade	-	-
	Changes in inventories of finished goods, work-in-progress	28.54	368.98
	Employee benefits expense	546.98	597.35
	Finance costs	46.22	5,687.45
	Depreciation and amortization expense	2,474.81	2,473.58
	Other expenses	1,017.87	1,143.33
	<b>Total Expenses</b>	<b>12,023.00</b>	<b>16,035.23</b>
	<b>Profit Before Tax</b>	<b>(3,684.73)</b>	<b>(10,739.85)</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)	<b>(3,684.73)</b>	<b>(10,739.85)</b>
VI.	Prior Period Items	-	-
VII.	Profit before extraordinary items and tax (V-VI)	<b>(3,684.73)</b>	<b>(10,739.85)</b>
VIII.	Extraordinary items	-	-
IX.	Profit before tax (VII - VIII)	<b>(3,684.73)</b>	<b>(10,739.85)</b>
X	Tax Expenses:		
	(1) Current Tax - Earlier Year	-	-
	(2) Deferred Tax	-	-
XI	<b>Profit after Tax</b>	<b>(3,684.73)</b>	<b>(10,739.85)</b>
XII	Earnings per equity share:		
	(1) Basic	(8.78)	(25.59)
	(2) Diluted	(8.78)	(25.59)

*See accompanying notes to the financial statements*

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

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

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

Place : Chennai  
Date : 29.05.2017

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017**

**₹. In Lakhs**

Particulars	Year ended Mar 31, 2017	Year ended Mar 31, 2016
<b><u>A. Cash Flow from Operating Activities</u></b>		
Net Profit before taxation	(3,684.73)	(10,739.85)
Adjustments for:		
Depreciation on fixed assets	2,474.81	2,473.58
Loss on sale of fixed assets		
Interest expense	46.22	5,687.45
Discount on issue of shares written off	150.00	150.00
Investments written off	424.01	505.58
<u>Deduct:</u>		
Interest income	2.63	6.13
<b>Operating Profit before Working Capital changes</b>	<b>(592.31)</b>	<b>(1,929.36)</b>
Adjustments for :		
(Increase) / Decrease in inventories	151.09	373.95
(Increase) / Decrease in trade receivables	58.34	641.12
(Increase) / Decrease in loans and advances	(405.82)	1,166.06
Increase/(Decrease) in Trade Payables, Other Current liabilities & Provisions	1,070.57	(219.29)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>281.86</b>	<b>32.49</b>
Income tax Paid	-	-
<b>Cash used in operating activities (before prior period items)</b>	<b>281.86</b>	<b>32.49</b>
Prior period items	-	-
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>281.86</b>	<b>32.49</b>
<b><u>B. Cash Flow from Investing Activities</u></b>		
Purchase of fixed assets including Capital WIP	(8.00)	-
Sale Proceeds from investments	-	-
Purchase of Non current Investment	-	-
Sale Proceeds from fixed assets	-	-
Interest received	2.63	6.13
Dividend received	-	-
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>(5.37)</b>	<b>6.13</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

<b>₹. In Lakhs</b>		
<b>Particulars</b>	<b>Year ended Mar 31, 2017</b>	<b>Year ended Mar 31, 2016</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of shares including premium	-	-
Increase/(Decrease) in Short term borrowings	-	2,201.92
Increase/(Decrease) in Long Term Borrowings	(127.52)	3,390.64
Share application money received	-	-
Interest paid	(46.22)	(5,687.45)
Dividend paid	-	-
Dividend distribution tax paid	-	-
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b><u>(173.74)</u></b>	<b><u>(94.89)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>102.75</u></b>	<b><u>(56.27)</u></b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand	10.85	18.53
Bank balances	<u>36.37</u>	<u>84.96</u>
	<b><u>47.22</u></b>	<b><u>103.49</u></b>
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	1.62	10.85
Bank balances	<u>148.35</u>	<u>36.37</u>
	<b><u>149.97</u></b>	<b><u>47.22</u></b>
<i>See accompanying notes to the financial statements</i>		

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

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

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

Place : Chennai  
Date : 29.05.2017

**Notes forming part of financial statements for the year ended 31.03.2017**

**1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS**

**1. Accounting Convention**

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on going concern basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2. Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP require the management to make estimate and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further the results may vary from these estimates. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

**3. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash

nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**4. Revenue Recognition**

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

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

Insurance claims are accounted as and when the claims are settled

Interest due from growers for seed supplied is accounted as and when cane is received from growers.

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

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

**5. Fixed Assets, Depreciation / Amortization and Impairment**

(i) Fixed assets are stated at cost less accumulated depreciation /



amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

- (ii) Capital Work in Progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. Cost of Work in Progress is stated at cost.
- (iii) Depreciation on fixed assets is provided pro-rata using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013.
- (iv) The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognized if the carrying value exceeds the higher of net selling price of the assets and its value in use.

#### 6. Investments

Invests which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

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

#### 7. Inventories

Inventories are stated as under:

- a. Raw materials and stores & spare parts are valued at lower of cost and estimated net realizable value using FIFO Method.
- b. Work in process and finished goods are valued at lower of cost and estimated net realizable value using FIFO Method.

#### 8. Employee Benefits

##### (i) *Defined Contribution Plan*

##### **Provident Fund**

Contributions to the Regional Provident Fund Commissioner to secure retrieval benefits in respect of Employees' Provident Fund and Employees' Family Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme are charged to revenue.

##### (ii) *Defined benefit Plan*

##### **Gratuity**

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Reliance Life Insurance Company Ltd. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains / losses are immediately recognized in the statement of Profit and Loss.

#### **Long Term Compensated Absences**

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method, as at the Balance Sheet date.

#### **Short Term Employee Benefits**

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

#### **9. Foreign Currency Transactions**

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments / realizations and year-end restatements are dealt with in profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortized as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expenses for the year.

#### **10. Taxation**

**Income Tax :** Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961

**Deferred Tax :** Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized in there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

#### **11. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

## EMPEE SUGARS AND CHEMICALS LIMITED

- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

### 12. Segment Reporting

As per the Accounting Standard (AS 17) on "segment reporting", segment information has been provided under the note to consolidated financial statements.

### 13. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20. Basic earnings per equity share has been computed dividing net profit after tax attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential

equity shares per equity share is computed using the weighted average number of equity shares and dilutive equity potential shares outstanding during the year. For basic and diluted earnings before extraordinary items, the amount of extraordinary items and tax thereon are excluded for computation.

### 14. Borrowing Costs

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

### 15. Discount on Issue of Shares

Discount on Issue of Shares is written off in Equal annual Installments over the period of 10 Years.

- 16. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Accompanying notes to the financial statements for the year ended March 31, 2017**

Notes to the Financial Statements

**2 - SHARE CAPITAL**

**a. Details of authorised, issued and subscribed share capital**

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised Capital</b>		
7,00,00,000 (Previous Year 7,00,00,000) Equity Shares of Rs10/- each	7,000.00	7,000.00
1,00,00,000 (Previous Year 1,00,00,000) Preference Shares of Rs. 10/- each	1,000.00	1,000.00
	<b>8,000.00</b>	<b>8,000.00</b>
<b>Issued, Subscribed and fully paid up</b>		
4,19,72,900 (Previous Year 4,19,72,900) Equity Shares of Rs10/- each	4,197.29	4,197.29
	<b>4,197.29</b>	<b>4,197.29</b>

Note : The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-

Name of Shareholder	Relationship	As at March 31, 2017		As at March 31, 2016	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Empee Distilleries Ltd.,	Holding Company	26622102	63.43	26622102	63.43

**c. Reconciliation of number of shares**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Rs. in Lacs	Number	Rs. in Lacs
Shares outstanding at the beginning of the year	41972900	4,197.29	41972900	4,197.29
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	41972900	4,197.29	41972900	4,197.29

**EMPEE SUGARS AND CHEMICALS LIMITED**

**3 - RESERVES AND SURPLUS**

₹. In Lakhs

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>a. Discount on issue of Shares</b>		
Balance at the beginning of the year	(750.00)	(900.00)
(-) Written off in Current Year	150.00	150.00
Balance at the end of the year	<b>(600.00)</b>	<b>(750.00)</b>
<b>b. Surplus/(deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	(55,220.77)	(44,480.93)
(+) Net Profit/(Net Loss) For the current year	(3,684.73)	(10,739.85)
(+) Earlier Year Depreciation	-	-
(-) Prior Period Expenses	-	-
Balance at the end of the year	58,905.49)	(55,220.77)
<b>GRAND TOTAL</b>	<b>(59,505.49)</b>	<b>(55,970.77)</b>

**4 - SHARE APPLICATION MONEY PENDING ALLOTMENT**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
0% Convertible Preference Share Application Money	14,036.50	14,036.50
	14,036.50	14,036.50

Empee Sugars and Chemicals Ltd has received 0% convertible preference share application money of Rs.10/- each at a premium of Rs.140/- each from the parent company, M/s.Empee Distilleries Ltd from 7th July 2008 to 30th September 2012 towards promoter share for the project implementation of Integrated Sugar Complex which could not be allotted to the applicant company in view of non receipt of SEBI and Stock Exchanges approval.

The Share Application Money have been received prior to the Companies Act, 2013, the Company is said to be attracted to the provisions of the Companies Acceptance of Deposit Rules, 2014 and Investors Protection and Education Fund. Further the investors protection and Education Fund Rules do not apply in so far as EDL has claimed the refund of share application money. The Management vide their representation letter dated 27th May, 2016, expressed their inability in the absence of the normal functioning of the company and cash flows to refund the application which is a matter to be considered under rehabilitation scheme to filled by the Company. The Company intends to make an application under Insolvency and Bankruptcy Code 2016 before NCLT Hyderabad.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**5- LONG-TERM BORROWINGS**

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Borrowings</b>		
<b>From Banks</b>		
<b>Term Loan</b>		
<b>Ambasamudram (-Refer Note 5.1 (i) )</b>		
Andhra Bank *	7,120.05	6,571.70
Bank of India	7,768.21	7,174.11
Indian Overseas Bank	3,768.23	3,480.04
Punjab National Bank	6,098.75	5,632.33
Indian Bank *	2,907.86	2,685.47
Oriental Bank of Commerce *	5,848.75	5,401.45
Union Bank of India *	2,798.82	2,584.77
<b>Naidupet (-Refer Note 5.1 (ii) )</b>		
Indian Bank *	644.50	575.03
Union Bank of India *	60.49	53.97
Bank of Maharashtra *	111.38	99.37
Federal Bank	34.08	30.41
<b>Funded Interest on Term Loan - Ambasamudram (-Refer 5.1 (i) )</b>		
Andhra Bank *	1,184.02	1,132.05
Bank of India	1,413.30	1,351.56
Indian Overseas Bank	611.12	584.43
Punjab National Bank	1,060.33	1,014.01
Indian Bank *	455.77	435.86
Oriental Bank of Commerce *	1,117.15	1,068.35
Union Bank of India *	603.73	577.36
<b>From Others</b>		
Sugar Development Fund Loan ( Refer Note 5.1 (iii) )	5,747.48	5,496.42
Edelweiss asset reconstruction company	-15.00	-
<b>Unsecured Borrowings</b>		
from NBFCs	6.24	7.36
	<b>49,233.87</b>	<b>49,361.39</b>

\* These banks have assigned all their rights, claims etc in favour of Edelweiss Asset Reconstruction Company Ltd:-

Bank	Effective date	Vide Letter dt
Andhra Bank	30.12.2015	12.01.2016
Oriental Bank of Commerce	29.12.2015	12.01.2016
Union Bank of India	29.03.2016	01.01.2016
Indian Bank	30.03.2016	01.01.2016
Bank of Maharashtra	31.03.2016	01.01.2016
Punjab National Bank	08.03.2017	23.03.2017

## EMPEE SUGARS AND CHEMICALS LIMITED

### 5.1 Security & Other Terms

- (i) Pari passu first charges on fixed assets of the Ambasamudram unit of the company with other members of the consortium. Second paripassu charge on the current assets of the Ambasamudram unit and Naidupet unit of the company with other members of the consortium. Second paripassu charge on the fixed assets for naidupet unit of the company with other members of the consortium and also personal guarantee of the three directors and pledge of 51% of the promoters shareholding in the company.
- (ii) Pari passu first charge on the fixed assets of the Naidupet unit of the company with other members of the consortium financed for this project. Second paripassu charge on the current assets of the naidupet unit of the company with other members and personal guarantee of three directors. The term loans are repayable in quarterly installments.
- (iii) Paripassu first charge by way of a hypothecation of all moveable assets (except book debts) including moveable machinery, machinery spares, tools and accessories both present and future pertaining to bagasse based cogeneration power plant at idaikkal village, Ambasamudram Taluk, Tirunelveli Dist, Tamilnadu. The term loan is repayable in quaterly installments.
- (iv) First paripassu charge on the fixed assets of the company and second paripassu charge on the current assets of the company
- (v) The Bank have exited the CDR Scheme and mentioned earlier some of the banks as mentioned above were assigned all their rights, claims etc., in favor of Edelweiss Asset Reconstruction Company Ltd.,

### 6 - LONG-TERM PROVISIONS

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits:</b>		
Gratuity	34.28	174.72
	34.28	174.72

### 7 - SHORT-TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loan from Banks</b>		
Repayable on demand		
Cash Credit	27,051.72	27,051.72
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)	27,051.72	27,051.72

**EMPEE SUGARS AND CHEMICALS LIMITED**

**8 - TRADE PAYABLES**

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Payables	3,430.10	1,929.34
	3,430.10	1,929.34

The vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises; hence the relevant information is not available with the company. Accordingly no disclosures relating to Micro, Small and Medium Enterprises have been made in the Accounts. The above amount are subject to confirmation and reconciliation.

**9 - OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Borrowings	-	-
Statutory dues	248.14	285.39
Liabilities for Expenses	23.50	22.81
Purchase Tax Payable	389.17	399.17
Advance from Customer	-	133.90
Payable to related parties	-	135.67
Other Liabilities	0.65	-
Unpaid dividends	8.42	8.42
Total	669.88	985.37

**10 - SHORT-TERM PROVISIONS**

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits	151.96	126.21
Total	151.96	126.21



**EMPEE SUGARS & CHEMICALS LIMITED**

Notes to the Financial Statements

**11. Tangible Assets**

₹. In Lakhs

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions during the Year	Deletions during the Year	As at March 31, 2017	As at April 1, 2016	Depreciation charge for the year	Deletion	As at March 31, 2017	As at March 31, 2016
<b>Tangible Assets</b>									
Land & Site	738.96	-	-	738.96	-	-	-	-	738.96
Buildings	7,761.68	-	-	7,761.68	1,583.37	233.74	-	1,817.11	6,178.31
Plant & Machinery	38,872.47	-	-	38,872.47	14,960.46	2,162.63	-	17,123.09	23,912.01
Furniture & Fittings	32.41	-	-	32.41	26.90	1.60	-	28.50	5.51
Vehicles	769.90	-	-	769.90	553.81	75.15	-	628.97	216.09
Computer	29.48	-	-	29.48	29.48	-	-	29.48	0.00
Office Equipments	26.38	-	-	26.38	17.72	1.68	-	19.40	8.66
<b>Total</b>	<b>48,231.28</b>	<b>-</b>	<b>-</b>	<b>48,231.28</b>	<b>17,171.75</b>	<b>2,474.82</b>	<b>-</b>	<b>19,646.55</b>	<b>31,059.53</b>
<b>Intangible Assets</b>									
Goodwill	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Previous Year</b>	<b>46,714.11</b>	<b>1,567.67</b>	<b>50.51</b>	<b>48,231.28</b>	<b>14,737.55</b>	<b>2,473.58</b>	<b>39.37</b>	<b>17,171.75</b>	<b>31,976.56</b>

As per the technical opinion obtained by the company the useful life of the significant component of the assets is not different from the useful life of the fixed assets

**EMPEE SUGARS AND CHEMICALS LIMITED**

**12 - NON-CURRENT INVESTMENTS**

(Valued at cost unless stated otherwise)

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Investment in Wholly owned Subsidiaries - Unquoted</b>		
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each fully paid up in Appollo Wind Energy Private Limited	1.00	1.00
2,32,75,400 (Previous Year 2,32,75,400) Equity Shares of Rs. 10/- each fully paid up in Empee Power Company India Limited	2,327.54	2,327.54
	<b>2328.54</b>	<b>2328.54</b>
Less: Provision for Diminution	1661.97	1237.96
	<b>666.57</b>	<b>1090.58</b>

**13 - DEFERRED TAX**

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Deferred Tax Assets</b>		
Provision for doubtful trade Receivables	-	-
Brought forward loss as per Income Tax	-	-
Deferred Expenses	-	-
<b>Total</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	-	-
<b>Total</b>		
<b>Deferred Tax Asset (Net)</b>		

Since the company is in BIFR the DTA arising on account of timing difference on carry forward loss and depreciation has not been recognized.

**14 - LONG-TERM LOANS AND ADVANCES**

(Unsecured, Considered Good unless stated otherwise)

Particulars	As at March 31, 2017	As at March 31, 2016
Capital Advance	-	-
Rent Advance	119.18	119.38
Electricity and other deposits	159.36	159.25
Advance Tax Net Off Provision	3.63	3.46
Loans to related parties	5,534.59	5,335.08
	<b>5,816.76</b>	<b>5,616.97</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**15 - INVENTORIES**

(Lower of Cost and estimated Net Realisable Value)

₹. In Lakhs

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Raw Material	165.27	328.92
Work in Progress	68.72	72.87
Finished Goods	314.23	338.62
Stores & Spares	352.85	311.75
<b>Total</b>	<b>352.85</b>	<b>1,052.16</b>

**16 - TRADE RECEIVABLES**

(Unsecured, Considered Good unless otherwise stated)

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Trade receivables outstanding for a period less than six months</b>		
Considered good	40.03	98.37
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<b>40.03</b>	<b>98.37</b>
<b>Trade receivables outstanding for a period exceeding six months</b>		
Considered good	1114.59	1,114.59
Doubtful		
Less: Provision for doubtful debts	1,114.59	1,114.59
	-	-
<b>* Total</b>	<b>40.03</b>	<b>98.37</b>

\* The above amount were subject to confirmation

**17 - CASH AND CASH EQUIVALENTS**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
a. Balances with banks		
Current Accounts	139.93	27.94
Unpaid Dividend Accounts	8.42	8.42
b. Cash on hand	1.62	10.85
	<b>149.97</b>	<b>47.22</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**18 - SHORT-TERM LOANS AND ADVANCES**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Advances Recoverable in Cash or in Kind or for Value to be Received</b> (Unsecured and considered good unless otherwise stated)		
Advance to Suppliers	632.32	338.99
CENVAT Credit	1,672.65	1,708.42
Cane Suppliers Advance	240.65	260.44
Harvester Advance	161.49	208.10
Prepaid Expenses	13.31	-
Other Deposits	412.57	411.00
* Total	<b>3,132.99</b>	<b>2,926.94</b>

\* The above amount were subject to confirmation

**19 - REVENUE FROM OPERATIONS**

<b>Sale of Products (Gross)</b>		
Sugar	3,859.37	3,426.95
Spirit	2,536.43	1,770.95
Raw Sugar	-	-
Power	2,069.61	-
Organic Manure	32.04	31.54
Fly Ash	1.09	1.86
	8,498.54	5,231.30
Less: Excise Duty	204.41	186.43
	<b>8,294.13</b>	<b>5,044.87</b>

**20 - OTHER INCOME**

Interest Receipts	2.63	6.13
Scrap Sales	1.87	-
Insurance Claims received	38.89	32.47
Sundry Income	0.75	211.90
	<b>44.14</b>	<b>250.51</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**21 - COST OF MATERIALS CONSUMED**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Stock of Raw Material	640.67	645.64
Purchase of Raw Material	7,786.03	5,759.56
	8,426.70	6,405.20
Closing Stock of Raw Material	518.12	640.67
	<b>7,908.58</b>	<b>5,764.53</b>

**22 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS**

<b><u>Opening Inventory</u></b>		
Work in Process	72.87	70.00
Finished Goods	338.62	710.47
	<b>411.49</b>	<b>780.47</b>
<b><u>Closing Inventory</u></b>		
Work in Process	68.72	72.87
Finished Goods	314.23	338.62
	<b>382.95</b>	<b>411.49</b>
<b>Accretion to Stock</b>	<b>28.54</b>	<b>368.98</b>

**23 - EMPLOYEE BENEFITS EXPENSES**

Salary & Allowance	576.65	539.69
Contribution to Provident Fund and other funds	64.63	33.50
Gratuity	(133.99)	(11.02)
Bonus	21.64	16.28
Staff Welf. Expenses	18.05	18.90
	<b>546.98</b>	<b>597.35</b>

**24 - FINANCE COSTS**

Interest Expenses	5,686.89	6,992.77
Other Borrowing Costs	0.56	88.81
	<b>5,687.45</b>	<b>7,081.58</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**25 - OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Advertisement	1.54	4.20
Auditors Remuneration	3.00	2.80
Conveyance & Travelling	12.18	10.89
Insurance Premium	29.07	30.42
Miscellaneous Expenses	53.86	51.99
Donations	0.88	0.30
Business auxiliary services	8.92	-
Discount on issue of Shares written off	150.00	150.00
Postage, Telephone & Telegram	8.28	6.25
Printing & Stationery	5.29	4.08
Professional & Legal Charges	25.92	137.30
Rates and Taxes	84.47	48.63
Rent	18.65	28.77
Repairs & Maintenance-Buildings	37.13	43.12
Repairs & Maintenance-Machinery	61.51	23.49
Repairs & Maintenance-Others	33.29	22.27
Sitting Fees	0.97	5.07
Vehicle Maint. & Hire Charges	26.22	28.57
Provision for Diminution of Investment	424.01	505.58
Security Service Charges	32.68	39.60
	<b>1,017.87</b>	<b>1,143.33</b>

**26. EARNINGS PER SHARE**

Profit after Tax (Rs. in Lakhs)	(10,739.85)	(28,998.70)
Profit after Tax (Rs. in Lakhs)	(3,684.73)	(10,739.85)
Weighted Average Number of Equity Shares (Basic)	41972900.00	41972900.00
Earning per share - Basic (in Rs.)	(8.78)	(25.59)
Weighted Average Number of Equity Shares (Diluted)	41,972,900	41,972,900
Earning per share - Diluted (Rs.)	(8.78)	(25.59)
Face Value per Share in (Rs)	10.00	10.00

**EMPEE SUGARS AND CHEMICALS LIMITED**

**27. CONTINGENT LIABILITIES & COMMITMENTS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Disputed Interest on Purchase Tax (The Company has applied for waiver of Interest, which the company is hopeful of getting waiver)	729.59	729.59
(ii) Claims against the company not acknowledged as debt :		
Electricity Tax	456.22	456.22
Sales Tax	119.36	119.36
Customs duty	900.75	900.75
(iii) Guarantees		
Indian Bank, Chennai	20.50	20.50
Andhra Bank, Mount Road, Chennai	2.03	2.03
Indian Bank, Naidupet	43.00	43.00
(iv) Estimated amount of Capital contracts remaining to be executed is	-	-

28. All the investments held by the company are long term in nature

29. Other Expenses include Rs. 150.00 Lakhs written off being 1/10th of total discount on issue of shares made during the year 2000-2001. The balance still to be written off is Rs. 600.00 Lakhs

**30. IMPORTED AND INDIGENOUS MATERIALS CONSUMED**

Particulars	Year Ended March 31, 2017		Period Ended March 31, 2016	
	%	Rs. in Lakhs	%	Rs. in Lakhs
a. Consumption of Raw Materials				
Imported	-	-	-	-
Indigenous	100.00	7908.58	100.00	5764.53
	<b>100.00</b>	<b>7908.58</b>	<b>100.00</b>	<b>5764.53</b>
a. Consumption of Stores & Spares				
Imported	-	-	-	-
Indigenous	100.00	94.80	100.00	45.76
	<b>100.00</b>	<b>94.80</b>	<b>100.00</b>	<b>45.76</b>

**31. VALUE OF IMPORTS ON CIF BASIS**

Raw Material	-	-
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**EMPEE SUGARS AND CHEMICALS LIMITED**

**32. EARNINGS IN FOREIGN EXCHANGE**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
FOB Value of Exports	-	-

**33. EXPENDITURE IN FOREIGN CURRENCIES**

Expenditure in Foreign Currencies	-	-
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**34. EMPLOYEE BENEFITS UNDER DEFINED BENEFIT PLANS**

<b>GRATUITY</b>		
Actuarial data on Defined Benefit Plans :		
<b>Projected Benefit Obligation at the beginning of the year</b>	174.97	201.77
Current Service Cost	3.23	11.03
Interest Cost	7.86	16.12
Actuarial Losses / (Gains)	(144.76)	(48.82)
Benefit Paid	6.77	5.13
<b>Projected Benefit Obligation at the end of the year</b>	<b>34.53</b>	<b>174.97</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the Year	0.25	5.66
Expected Returns on Plan Assets	0.02	0.45
Employer's Contribution	6.77	
Benefits Paid	(6.77)	(5.13)
Actuarial Gains / (Losses)	(0.02)	(0.73)
Fair Value of Plan Assets at the End of the Year	<b>0.25</b>	<b>0.25</b>
<b>Amount Recognised in the Balance Sheet</b>		
Liability at the End of the Year	174.72	196.11
Fair Value of Plan Assets at the End of the Year	21.39	21.39
<b>Amount Recognised in the Balance Sheet</b>	<b>153.33</b>	<b>174.72</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	3.23	11.03
Interest on Obligation	7.86	16.12
Expected Return on Plan Assets	(0.02)	(0.45)
Net Actuarial Losses / (Gains) Recognised in the Year	(144.74)	(48.09)
<b>Net Cost Recognised in the Profit and Loss Account</b>	<b>(133.67)</b>	<b>(21.39)</b>



**EMPEE SUGARS AND CHEMICALS LIMITED**

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>ASSUMPTIONS</b>		
Discount Rate	7.99% P.A.	7.99% P.A.
Future Salary Increase	6 % P.A.	6 % P.A.
Attrition Rate	2-6% P.A.	2-6% P.A.
Expected Rate of Return on Plan Assets	7.99% P.A.	7.90% P.A.

Notes :

- The entire Plan Assets are managed by Reliance Life Insurance Company Ltd.,
- The expected return on Plan Assets is as furnished by a Qualified Actuary
- The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors

**35. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18**

Particulars	% of Share Holdings
<b>a) List of Related Parties</b>	
<b>I. Holding Company</b>	
Empee Distilleries Limited	63.43%
<b>II. Subsidiary Company</b>	
Empee Power Company (India) Limited	100%
Appollo Wind Energy Private Ltd.,	100%
<b>III. Key Management Personnel</b>	
Mr.M.P.Purushothaman - Chairman and Managing Director	3.45%
<b>IV. Other Related Parties</b>	
Empee Holdings Limited	2.29%
<b>V. Other related parties (common share holding)</b>	
Empee International Hotels & Resorts Limited	
South (India) Hotels Pvt Ltd	
Appollo Distilleries Ltd	
Appollo Alchobev Limited	
Aruna Exports Pvt Ltd	
Empee Hotels Limited	
Aruna Constructions (India) Limited	
EDL Marketing Pvt Ltd	
Empee Agro Farm Products Pvt Ltd	
Empee Marine Products Limited	
Appollo Beers Pvt Ltd	
Empee Leasing & Finance Limited	
Empee Heritage Inn Pvt Limited	
Empee Airways Ltd	
Universal Spirits Ltd	
Empee Construction Company Pvt Ltd	
Empee Power & Infrastructure Pvt Ltd	
Empee Packaging Industries	
Aruna Constructions	

**EMPEE SUGARS AND CHEMICALS LIMITED**

**b) During the year the following transactions were carried out with the related parties in the ordinary course of business**

	Holding Company	Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	For the year ended 31.03.17
Remuneration	-	-	57.04	-	-	57.04
	-	-	-	-	-	-
Receiving of Services	-	-	-	-	8.92	8.92
	-	-	-	-	-	-
Advance/Deposits Given (Net)	-	154.26 (347.34)	-	-	-	154.26 (347.34)
Advance/Deposits received (Net)	407.61 (1,491.82)	-	-	-	-	407.61 (1,491.82)
Interest Paid	-	-	-	-	-	-
	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-
	-	-	-	-	-	-
Sale of Goods	19.16	-	-	-	138.30	157.46
	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-
	-	-	-	-	-	-
Purchase of goods	-	-	-	-	-	-
	-	-	-	-	-	-
Rent paid	-	-	-	-	18.20 (29.98)	18.20 (29.98)
	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
	-	-	-	-	-	-
Balance Outstanding	(496.29)	4,989.28	-	-	545.31	5,038.30

Note : Amount in bracket indicate previous year figures

**EMPEE SUGARS AND CHEMICALS LIMITED****36. Segment wise details**

₹. In Lakhs

Particulars	Sugar	IAP	Power	Unallocated	Total
Depreciation	1,147.08	121.84	1,205.89	-	2,474.81
Capital Expenditure	8.00	-	-	-	8.00

37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

38. Balances under trade payables, trade receivables, cane suppliers and harvester advance are subject to confirmation from the concerned parties and reconciliation. The impact of this on the accounts is presently not ascertainable.

In terms of our report of even date

for **Venkatesh & Co.,**  
Chartered Accountants  
F.R. No. 004636S  
**CA. Dasaraty V**  
Partner (M. No. 026336)

For and on behalf of the Board

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

Place : Chennai  
Date : 29.05.2017

## EMPEE SUGARS AND CHEMICALS LIMITED

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### Independent Auditor's Report

To  
The Members of  
EMPEE SUGARS & CHEMICALS LIMITED

#### Report on Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of EMPEE SUGARS & CHEMICALS LIMITED ("the Holding Company"), and its subsidiaries (subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow statement for the yearendedon that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

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

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.

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

## EMPEE SUGARS AND CHEMICALS LIMITED

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

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

### **Basis for Qualified Opinion**

- a) ***The accumulated losses of the company have exceeded the net worth of the company. Hence the company has made a reference to BIFR under the sick industrial companies Act and the Company has been registered under BIFR vide case no:69/2014. However, effective from December 2016 BIFR proceedings have been abated. The Company is to make an application under Insolvency and Bankruptcy Code, 2016 before NCLT, Hyderabad. However, the accounts have been prepared on a going concern basis.***
- b) ***The company has received amount of Rs. 140.37 crores from 7<sup>th</sup> July 2008 to 30<sup>th</sup> September 2012 (refer note no 4) towards share application money from holding company Empee Distilleries Ltd. These shares could not be allotted to the applicant company in view of the non-receipt of approval from the SEBI and stock Exchange. By virtue of the Rules of the Companies Acceptance and Deposit Rules, these are public deposits to be repaid. However the Company is of Opinion that this issue will have to be decided by NCLT, Hyderabad as the proceedings under BIFR have since been abated.***
- c) ***Confirmation of Sundry debtors, Trade payables, Advance to suppliers, Cane advances, Harvester Advances and other deposit is subject to confirmation and reconciliation.(refer note no 8, 16, 18 & 38)***
- d) ***The Sugar Unit at Ambasamudram has not been functioning for the last 4 years, However no impairment of assets in accordance with AS 28 (Impairment of Assets) at the sugar unit at Ambasamudram has been considered in accounts and the financial impact of the same is not presently ascertainable.***
- e) ***Interest has not been provided on loans amounting in all to Rs.486 Crores availed from banks and including Loans assigned by the banks in favor of Edelweiss Asset Reconstruction Company Ltd.***
- f) ***Bank Balances amounting to Rs.35.63 lakhs included in Note.17 is subject to Confirmation.***

### **Qualified Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

## EMPEE SUGARS AND CHEMICALS LIMITED

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- a) In case of the consolidated state of affairs of the Group as at 31st March, 2017,
- b) In case of consolidated profit/ loss statement and
- c) In case consolidated cash flow statement for the year ended on the date.

### Other Matters

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

We did not audit the financial statements of M/s. Empee Power Company (India) Limited whose financial statements reflects total assets of Rs.10,777.89lakhs as at 31<sup>st</sup> March, 2017, total revenue(net)of Rs.388.26 lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial statementsM/s. Empee Power Company (India) Limited have been audited by other auditors for the year ended 31<sup>st</sup> March 2017 and whose report have been furnished to us by the management and our opinion is based solely on the reports of the other auditors.

We did not audit the financial statements of M/s. Appollo Wind Energy Private Limited whose financial statements reflects total assets of Rs 1 Lakh as at 31<sup>st</sup> March, 2017, total revenue(net) of Rs. Nil/- for the year ended on that date, as considered in the consolidated financial statements.

These financial statements of M/s. Appollo Wind Energy Private Limited have been audited by other auditors for the year ended 31<sup>st</sup> March 2017 and whose report have been furnished to us by the management and our opinion is based solely on the reports of the other auditors.

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

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion proper books of account as required by law relating to the preparation of aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books and the report of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Report of the company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India.

## EMPEE SUGARS AND CHEMICALS LIMITED

- f) On the basis of written representations received from the directors of the Holding Company as on March 31<sup>st</sup>, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies are disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
1. The group does not have any pending litigations which would impact its financial position except the cases listed below:

S. No	Case No	Court	Details of the case
1	OP by way of Appeal against Arbitration award by three member arbitral tribunal	Before High Court of Madras	M/s ISGEC raised disputes against M/s ESCL regarding settlement of dues in the supply and erection of boilers/turbines for our Ambasamudram and Naidupet projects. In the Arbitration, Rs 13 crores with future interest @24% awarded by the tribunal to ISGEC and the Company has filed an appeal in the High Court of Madras.
2	Writ Petition No. 244944 of 2011	Before High Court of Madras	A writ was filed by the Company against payment due of Rs 10,00,00,000/- from TNEB for ESCL Ambasamudram unit (Electricity purchase charges issue). Writ is pending.
3	WP No. 211147 of 2014	High court of Madras	A writ was filed by the Company against TNEB's demand of E-Tax for Rs.4,56,21,938/- for Ambasamudram unit.
4	O.S.18/2007	Before Principal District Court at Pondicherry	A Claim of loss and interest of Rs 40,00,288/ due by the Company towards purchase of Molasses from Pondichery Co-Op Sugar Mills Ltd against ESCL is pending for trial.
5	Civil suit No.39 of 2006	Before High Court of Madras	For recovery of claim against M/s Oriental insurance Co.Ltd under fire policy towards flood happened by act of God taken place during 2001 at Nayudupettah factory site is pending.
6	Wp No.23748 of 2014	High Court of AP	A writ against Demand of Value Added Tax for Rs. 1,19,36,620/- by Sales tax against ESCL is pending.
7	Appeal before CE	Customs and Excise Tribunal-SZ Bench at Chennai.	Appeal filed against the Order dt. 12-03-2014 the commissioner of Customs, Tuticorin directed to pay differential duty in the purchase of coal amounting to Rs.6,11,51,119/- with penalty of Rs. 8,50,00,000/- and penalty of Rs. 1,00,000/- against individual name of GM of ESCL company is pending.

## EMPEE SUGARS AND CHEMICALS LIMITED

8	Appeal No C/41475/2014-DB	Before Customs, Excise & Service Tax Appellate Tribunal, Chennai	The Commissioner of customs, Tuticorin has filed an appeal against CE's order granting exemption for customs duty to the tune of Rs.2,89,24,422/- under notification 46/2011 for import of coal from Asian Countries against ESCL. Appeal preferred by C E is pending.
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1. The Group any did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
2. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
3. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on the audit procedures adopted in respect of those company's audited by us and relying on the report of the respective auditors of the subsidiaries and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

**Place : Chennai  
Date : 29/May/2017**

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



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

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

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

We have audited the internal financial controls over financial reporting of EMPEE SUGARS & CHEMICALS LIMITED ("the Company") and its Subsidiary Companies as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Company and its subsidiaries companies incorporated in India, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal controls over financial reporting criteria established by the Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**Other Matter :**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over the financial reporting insofar as it relates to 2 subsidiary companies, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**Place : Chennai**  
**Date : 29/May/2017**

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

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

**EMPEE SUGARS AND CHEMICALS LIMITED**

Consolidated Balance Sheet as at March 31, 2017			₹. In Lacs
Particulars	Note No.	As at Mar 31, 2017	As at Mar 31, 2016
<b>Accounting Policies</b>	1		
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2	4,197.29	4,197.29
(b) Reserves and surplus	3	(59,505.49)	(55,970.78)
		<b>(55,308.20)</b>	<b>(51,773.49)</b>
<b>(2) Share application money pending allotment</b>	4	14,036.50	14,036.50
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	5	52,718.93	52,615.85
(b) Long-term provisions	6	53.75	194.19
		<b>52,772.68</b>	<b>52,810.04</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	7	27,648.42	27,726.18
(b) Trade payables	8	3,933.56	2,418.00
(c) Other Current Liabilities	9	1,188.20	1,507.86
(d) Short-term provisions	10	152.00	126.21
		<b>31,778.25</b>	<b>29,711.43</b>
<b>TOTAL</b>		<b>44,423.16</b>	<b>46,851.30</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	11	36,326.04	39,030.01
(ii) Capital work-in-progress		8.00	-
		<b>36,334.04</b>	<b>39,030.01</b>
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	12	1,206.79	1,003.15
(d) Long-term loans and advances	13	871.07	847.44
		<b>38,411.90</b>	<b>40,880.60</b>
<b>(2) Current Assets</b>			
(a) Inventories	14	1,488.32	1,710.61
(b) Trade receivables	15	1,153.25	1,253.10
(c) Cash and cash equivalents	16	233.80	77.13
(d) Short-term loans and advances	17	3,135.89	2,929.86
		<b>6,011.26</b>	<b>5,970.70</b>
<b>TOTAL</b>		<b>44,423.16</b>	<b>46,851.30</b>

*See accompanying notes to the financial statements*

In terms of our report of even date  
for **Venkatesh & Co.**,  
Chartered Accountants  
F.R. No. 004636S  
**CA. Dasaraty V**  
Partner (M. No. 026336)

For and on behalf of the Board

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director  
Place : Chennai  
Date : 29.05.2017

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Consolidated Statement of Profit and Loss for the period ended March 31, 2017**

		<b>₹. In Lakhs</b>	
<b>Particulars</b>	<b>Note No.</b>	<b>Year ended Mar 31, 2017</b>	<b>Year ended Mar 31, 2016</b>
I.	Revenue from operations	8,681.61	5,471.60
II.	Other income	44.92	255.78
III.	<b>Total Revenue (I + II)</b>	<b>8,726.53</b>	<b>5,727.38</b>
IV.	Expenses:		
	Cost of materials consumed	8,148.14	6,105.31
	Purchases of stock-in-trade	-	-
	Changes in inventories of finished goods, work-in-progress	28.54	368.98
	Employee benefits expense	555.08	681.03
	Finance costs	579.21	6,189.71
	Depreciation and amortization expense	2,703.99	2,702.76
	Other expenses	599.93	662.25
	<b>Total Expenses</b>	<b>12,614.89</b>	<b>16,710.04</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)	<b>(3,888.36)</b>	<b>(10,982.66)</b>
VI.	Prior Period Items	-	-
VII.	Profit before extraordinary items and tax (V-VI)	<b>(3,888.36)</b>	<b>(10,982.66)</b>
VIII.	Extraordinary items	-	-
IX.	Profit before tax (VII - VIII)	<b>(3,888.36)</b>	<b>(10,982.66)</b>
X.	Tax Expenses:		
	(1) Current Tax - Earlier Year	-	-
	(2) Deferred Tax	(203.64)	(242.81)
XI.	<b>Profit after Tax</b>	<b>(3,684.72)</b>	<b>(10,739.85)</b>
XII.	Earnings per equity share:		
	(1) Basic	-	(25.59)
	(2) Diluted	-	(25.59)

*See accompanying notes to the financial statements*

For and on behalf of the Board

In terms of our report of even date  
for **Venkatesh & Co.**,  
Chartered Accountants  
F.R. No. 004636S  
**CA. Dasaraty V**  
Partner (M. No. 026336)

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

Place : Chennai  
Date : 29.05.2017

**EMPEE SUGARS AND CHEMICALS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2017**

₹. In Lakhs

Particulars	Year ended Mar 31, 2017	Period ended Mar 31, 2016
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before taxation	<b>(3,888.36)</b>	<b>(10,982.66)</b>
<u>Adjustments for:</u>		
Depreciation on fixed assets	2,703.99	2,702.76
Loss on sale of fixed assets	-	-
Interest expense	579.21	6,189.71
Discount on issue of shares written off	150.00	150.00
Investments written off	-	-
<u>Deduct:</u>		
Interest income	3.41	11.40
<b>Operating Profit before Working Capital changes</b>	<b>(458.57)</b>	<b>(1,951.59)</b>
<u>Adjustments for :</u>		
(Increase) / Decrease in inventories	222.29	481.45
(Increase) / Decrease in trade receivables	99.85	672.49
(Increase) / Decrease in loans and advances	(230.32)	1,507.31
Increase/(Decrease) in Trade Payables, Other Current liabilities & Provisions	1,081.25	(247.09)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>714.50</b>	<b>462.56</b>
Income tax Paid	-	-
<b>Cash used in Operating activities (before prior period items)</b>	<b>714.50</b>	<b>462.56</b>
Prior period items	-	-
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>714.50</b>	<b>462.56</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets including Capital WIP	(8.00)	-
Sale Proceeds from investments	-	-
Purchase of Non current Investment	-	-
Sale Proceeds from fixed assets	-	-
Interest received	3.41	11.40
Dividend received	-	-
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>(4.59)</b>	<b>11.40</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

Particulars	₹. In Lakhs	
	Year ended Mar 31, 2017	Period ended Mar 31, 2016
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of shares including premium	-	-
Increase/(Decrease) in Short term borrowings	(77.76)	2,271.65
Increase/(Decrease) in Long Term Borrowings	103.08	3,390.20
Share application money received	-	-
Interest paid	(579.21)	(6,189.71)
Dividend paid	-	-
Dividend distribution tax paid	-	-
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b>(553.89)</b>	<b>(527.86)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>156.03</b>	<b>(53.89)</b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand	14.54	19.53
Bank balances	37.90	86.13
	<b>52.44</b>	<b>105.66</b>
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	5.30	14.54
Bank balances	203.15	37.90
	<b>208.45</b>	<b>52.44</b>
<i>See accompanying notes to the financial statements</i>		

In terms of our report of even date

for **Venkatesh & Co.**,  
Chartered Accountants  
F.R. No. 004636S  
**CA. Dasaraty V**  
Partner (M. No. 026336)

For and on behalf of the Board

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

Place : Chennai  
Date : 29.05.2017

**Notes forming part of Consolidated financial statements for the year ended 31.03.2017**

**(A) Principles of consolidation**

The consolidated financial statements relate to Empee Sugars and Chemicals Limited ('the Company') and its wholly owned subsidiaries Empee Power (I) Limited and Appollo Wind Energy Private Ltd., ('the Subsidiaries'). The consolidated financial statements have been prepared on the following basis.

The financial statements of the Company and its Subsidiaries have been prepared based on a line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the management of the respective companies.

Intra group balances and intra group transactions and the unrealised profits on stocks arising out of intra-group transactions have been eliminated.

All Intercompany transactions, balances and unrealised surplus and deficits on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable and in the case of certain subsidiaries the impact of which is not quantifiable.

Since the Subsidiaries are wholly owned there is no minority interest arising on account of consolidation.

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention**

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on going concern basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2. Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP require the management to make estimate and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further the results may vary from these estimates. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized.

**3. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**4. Revenue Recognition**

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

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

Insurance claims are accounted as and when the claims are settled

Interest due from growers for seed supplied is accounted as and when cane is received from growers.

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

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

**5. Fixed Assets, Depreciation / Amortization and Impairment**

- (i) Fixed assets are stated at cost less accumulated depreciation /amortization. Direct costs are capitalized until fixed assets are ready for use. These costs include freight, installation costs, duties and taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.
- (ii) Capital Work in Progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. Cost of Work in Progress is stated at cost.
- (iii) Depreciation on fixed assets is provided pro-rata using the straight-line method at the rates specified in Schedule II to the Companies Act, 2013.
- (iv) The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognized if the carrying value exceeds the higher of net selling price of the assets and its value in use.

**6. Investments**

Invests which are long term in nature, are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

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

**7. Inventories**

Inventories are stated as under :

- a. Raw materials and stores & spare parts are valued at lower of cost and estimated net realizable value using FIFO Method.



**7. Inventories**

Inventories are stated as under :

- a. Raw materials and stores & spare parts are valued at lower of cost and estimated net realizable value using FIFO Method.
- b. Work in process and finished goods are valued at lower of cost and estimated net realizable value using FIFO Method.

**8. Employee Benefits**

**(i) Defined Contribution Plan**

**Provident Fund**

Contributions to the Regional Provident Fund Commissioner to secure retrieval benefits in respect of Employees' Provident Fund and Employees' Family Fund, based on the Statutory provisions as per the Employee Provident Fund Scheme are charged to revenue.

**(ii) Defined benefit Plan**

**Gratuity**

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by Reliance Life Insurance Company Ltd. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains / losses are immediately recognized in the statement of Profit and Loss.

**Long Term Compensated Absences**

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on an actuarial valuation using the Projected Unit Credit method, as at the Balance Sheet date.

**Short Term Employee Benefits**

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

**9. Foreign Currency Transactions**

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the balance sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments / realizations and year-end restatements are dealt with in profit and loss account.

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortized as expense or income over the life of the contract. Exchange differences on such contract are recognized

## EMPEE SUGARS AND CHEMICALS LIMITED

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in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognized as income or expenses for the year.

### 10. Taxation

**Income Tax :** Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961

**Deferred Tax :** Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized in there is virtual certainty that there will be sufficient future taxable income available in realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

### 11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for :

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

### 12. Segment Reporting

The Company prepares its segment information in conformity with the accounting policies adopted for presenting the financial statements of the Company as whole.

### 13. Earning Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20. Basic earnings per equity share has been computed dividing net profit after tax attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Diluted earnings during the year adjusted for effects of all dilutive potential equity shares per equity share is computed using the weighted average number of equity shares and dilutive equity potential shares outstanding during the year. For basic and diluted earnings before extraordinary items, the amount of extraordinary items and tax thereon are excluded for computation.

## EMPEE SUGARS AND CHEMICALS LIMITED

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### 14. Borrowing Costs

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

### 15. Discount on issue of Shares

Discount on Issue of Shares is written off in Equal annual installments over the period of 10 Years.

16. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For Venkatesh and Co**  
Chartered Accountants  
Firm Regn.No.004636S

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

**For and on behalf of the Board of Directors of**  
**EMPEE SUGARS AND CHEMICALS LTD**

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

Chennai  
29.05.2017

**EMPEE SUGARS AND CHEMICALS LIMITED**

**Accompanying notes to the consolidated financial statements for the period ended March 31, 2017**

Notes to the Financial Statements

**2 - SHARE CAPITAL**

**a. Details of authorised, issued and subscribed share capital**

₹. In Lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised Capital</b>		
7,00,00,000 (Previous Year 7,00,00,000) Equity Shares of Rs10/- each	7,000.00	7,000.00
1,00,00,000 (Previous Year 1,00,00,000) Preference Shares of Rs. 10/- each	1,000.00	1,000.00
	<b>8,000.00</b>	<b>8,000.00</b>
<b>Issued, Subscribed and fully paid up</b>		
4,19,72,900 (Previous Year 4,19,72,900) Equity Shares of Rs10/- each	4,197.29	4,197.29
	<b>4,197.29</b>	<b>4,197.29</b>

Note : The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-

**b. Information on shareholders**

Name of Shareholder	Relationship	As at March 31, 2017		As at March 31, 2016	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Empee Distilleries Ltd.,	Holding Company	26622102	63.43	26622102	63.43

**c. Reconciliation of number of shares**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Rs. in Lacs	Number	Rs. in Lacs
Shares outstanding at the beginning of the year	41972900	4,197.29	41972900	4,197.29
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	41972900	4,197.29	41972900	4,197.29

**EMPEE SUGARS AND CHEMICALS LIMITED**

**3 - RESERVES AND SURPLUS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>a. Discount on issue of Shares</b>		
Balance at the beginning of the year	(750.00)	(900.00)
(-) Written off in Current Year	150.00	150.00
Balance at the end of the year	(600.00)	(750.00)
<b>b. Surplus / (deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	(55,220.77)	(44,480.92)
(+) Net Profit/(Net Loss) For the current year	(3,684.72)	(10,739.85)
(-) Earlier Year Depreciation	-	-
(-) Interim Dividends including DDT	-	-
(-) Prior Period Expenses	-	-
Balance at the end of the year	(58,905.49)	(55,220.77)
<b>GRAND TOTAL</b>	<b>(59,505.49)</b>	<b>(55,970.77)</b>

**4 - SHARE APPLICATION MONEY PENDING ALLOTMENT**

0% Convertible Preference Share Application Money	14,036.50	14,036.50
	14,036.50	14,036.50

Empee Sugars and Chemicals Ltd has received 0% convertible preference share application money of Rs.10/- each at a premium of Rs.140/- each from the parent company, M/s.Empee Distilleries Ltd from 7th July 2008 to 30th September 2012 towards promoter share for the project implementation of Integrated Sugar Complex which could not be allotted to the applicant company in view of non receipt of SEBI and Stock Exchanges approval.

The Share Application Money have been received prior to the Companies Act, 2013, the Company is said to be attracted to the provisions of the Companies Acceptance of Deposit Rules, 2014 and Investors Protection and Education Fund. But the company vide legal opinion has mentioned that since the company has been registered under BIFR much ahead of the said Deposit Rules, the same shall not apply. Further the investors protection and Education Fund Rules do not apply in so far as EDL has claimed the refund of share application money. The Management vide their representation letter dated 27th May, 2016, expressed their inability in the absence of the normal functioning of the company and cash flows to refund the application which is a matter to be considered under rehabilitation scheme to be filled by the Company.

**EMPEE SUGARS AND CHEMICALS LIMITED**

**5- LONG-TERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Borrowings</b>		
<b>From Banks</b>		
<b>Term Loan</b>		
<b>Ambasamudram (-Refer Note 5.1 (i) )</b>		
Indian Bank	644.50	575.03
Andhra Bank *	7,120.05	7,120.05
Bank of India	7,768.21	7,768.21
Indian Overseas Bank	3,768.23	3,768.23
Punjab National Bank *	6,098.75	6,098.75
Indian Bank *	2,907.86	2,907.86
Oriental Bank of Commerce *	5,848.75	5,848.75
Union Bank of India *	2,798.82	2,798.82
<b>Naidupet (-Refer Note 5.1 (ii) )</b>		
Indian Bank *	644.50	644.50
Union Bank of India *	60.49	60.49
Bank of Maharashtra	-	111.38
Federal Bank	34.08	34.08
<b>Funded Interest on Term Loan - Ambasamudram (-Refer 5.1 (i) )</b>		
Andhra Bank *	1,184.02	1,184.02
Bank of India	1,413.30	1,413.30
Indian Overseas Bank	611.12	611.12
Punjab National Bank *	1,060.33	1,060.33
Indian Bank *	455.77	455.77
Oriental Bank of Commerce *	1,117.15	1,117.15
Union Bank of India *	603.73	603.73
<b>Power Plant Loan (-Refer 5.1.(iv) )</b>		
Indian Overseas Bank	880.96	766.06
<b>From Others</b>		
Sugar Development Fund Loan ( Refer Note 5.1 (iii) )	8,356.01	5,747.48
Power Finance Corporation ( Refer Note 5.1 (iv) )	-	2,488.41
Edelweiss asset reconstruction company	(15.00)	-
<b>Unsecured Borrowings</b>		
from NBFCs	1.79	7.36
	<b>52,718.93</b>	<b>52,615.85</b>

## EMPEE SUGARS AND CHEMICALS LIMITED

\* These banks have assigned all their rights, claims etc in favour of Edelweiss Asset Reconstruction Company Ltd :-

Bank	Effective date	Vide Letter dt
Andhra Bank	30.12.2015	12.01.2016
Oriental Bank of Commerce	29.12.2015	12.01.2016
Union Bank of India	29.03.2016	01.01.2016
Indian Bank	30.03.2016	01.01.2016
Bank of Maharashtra	31.03.2016	01.01.2016
Punjab National Bank	08.03.2017	23.03.2017

- (i) Pari passu first charges on fixed assets of the Ambasamudram unit of the company with other members of the consortium. Second paripassu charge on the current assets of the Ambasamudram unit and Naidupet unit of the company with other members of the consortium. Second paripassu charge on the fixed assets for naidupet unit of the company with other members of the consortium and also personal guarantee of the three directors and pledge of 51% of the promoters shareholding in the company.
- (ii) Pari passu first charge on the fixed assets of the Naidupet unit of the company with other members of the consortium financed for this project. Second paripassu charge on the current assets of the naidupet unit of the company with other members and personal guarantee of three directors. The term loans are repayable in quarterly installments.
- (iii) Paripassu first charge by way of a hypothecation of all moveable assets (except book debts) including moveable machiner, machinery spares, tools and accessories both present and future pertaining to bagasse based cogeneration power plant at idaikkal village, Ambasamudram Taluk, Tirunelveli Dist, Tamilnadu. The term loan is repayable in quaterly installments.
- (iv) First paripassu charge on the fixed assets of the company and second paripassu charge on the current assets of the company
- (v) The Bank have exited the CDR Scheme and mentioned earlier some of the banks as mentioned above have assigned all their rights, claims etc., in favor of Edelweiss Asset Reconstruction Company Ltd.,

### 6 - LONG-TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits :</b>		
Gratuity	53.75	194.19
Compensated Absences	-	-
	53.75	194.19

**EMPEE SUGARS AND CHEMICALS LIMITED**

**7 - SHORT-TERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loan from Banks</b>		
Repayable on demand		
Cash Credit	27,648.42	27,726.18
(Cash credit from banks availed at Naidupet and Ambasamudram Plant are secured by floating Charge on assets under hypothecation and other current assets at respective locations)		
	27,648.42	27,726.18

**8 - TRADE PAYABLES**

Trade Payables	3,933.56	2,418.00
	<b>3,933.56</b>	<b>2,418.00</b>

The vendors of the Company are yet to submit their status under Micro, Small and Medium Enterprises; hence the relevant information is not available with the company. Accordingly no disclosures relating to Micro, Small and Medium Enterprises have been made in the Accounts. The above amount are subject to confirmation and reconciliation.

**9 - OTHER CURRENT LIABILITIES**

Current Maturities of Long Term Borrowings	342.65	342.69
Statutory dues	252.53	288.01
Liabilities for Expenses	194.78	182.99
Purchase Tax Payable	389.17	399.17
Advance from Customer	-	133.90
Payable to related parties	-	135.67
Other Liabilities	0.65	17.01
Unpaid dividends	8.42	8.42
<b>Total</b>	<b>1,188.20</b>	<b>1,507.86</b>

**10 - SHORT-TERM PROVISIONS**

Provision for employee benefits	152.00	126.21
<b>Total</b>	<b>152.00</b>	<b>126.21</b>



## EMPEE SUGARS & CHEMICALS LIMITED

Notes to the Financial Statements

### 11. Tangible Assets

₹. In Lakhs

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block	
	As at April 1, 2016	Additions during the Year	Deletions during the Year	As at March 31, 2017	As at April 1, 2016	Depre-ciation charge for the year	Deletion	As at March 31, 2017	As at March 31, 2016
<b>Tangible Assets</b>									
Land & Site	738.96	-	-	738.96	-	-	-	738.96	738.96
Buildings	8,554.21	-	-	8,554.21	1,736.18	258.87	-	6,559.16	6,818.02
Plant & Machinery	47,444.04	-	-	47,444.04	16,201.39	2,366.63	-	28,876.02	31,242.65
Furniture & Fittings	32.41	-	-	32.41	26.90	1.60	-	3.91	5.51
Vehicles	769.90	-	-	769.90	563.81	75.15	-	140.94	216.09
Computer	29.48	-	-	29.48	29.48	-	-	0.00	0.00
Office Equipments	26.71	-	-	26.71	17.92	1.73	-	7.05	8.79
<b>Total</b>	<b>57,595.71</b>	<b>-</b>	<b>-</b>	<b>57,595.71</b>	<b>18,565.69</b>	<b>2,703.99</b>	<b>-</b>	<b>21,269.67</b>	<b>39,030.02</b>
<b>Intangible Assets</b>									
Goodwill	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Previous Year</b>	<b>56,078.54</b>	<b>1,567.67</b>	<b>50.51</b>	<b>57,595.71</b>	<b>15,902.31</b>	<b>2,702.76</b>	<b>39.37</b>	<b>39,030.02</b>	<b>40,176.23</b>

As per the technical opinion obtained by the company the useful life of the significant component of the assets is not different from the useful life of the fixed assets

**EMPEE SUGARS AND CHEMICALS LIMITED**

**12 - DEFERRED TAX**

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Deferred Tax Assets</b>		
Brought forward loss as per Income Tax	3,237.93	3,095.57
<b>Total</b>	<b>3,237.93</b>	<b>3,095.57</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	2,031.14	2,092.42
<b>Total</b>	<b>2,031.14</b>	<b>2,092.42</b>
<b>Deferred Tax Asset (Net)</b>	<b>1,206.79</b>	<b>1,003.15</b>

**13 - LONG-TERM LOANS AND ADVANCES**

(Unsecured, Considered Good unless stated otherwise)

Rent Advance	119.18	119.18
Electricity and other deposits	202.95	224.74
Advance Tax Net Off Provision	3.63	3.46
Loans and advances to related parties	545.31	500.06
	<b>871.07</b>	<b>847.44</b>

**14 - INVENTORIES**

(Lower of Cost and estimated Net Realisable Value)

Raw Material	987.37	1108.07
Raw Material	752.52	987.37
Work in Progress	68.72	72.87
Finished Goods	314.23	338.62
Stores & Spares	352.85	311.75
<b>Total</b>	<b>1,488.32</b>	<b>1,710.61</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**15 - TRADE RECEIVABLES**

(Unsecured, Considered Good unless otherwise stated)

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Trade receivables outstanding for a period less than six months</b>		
Unsecured, considered good	1,153.25	1,253.10
Doubtful		
Less: Provision for doubtful debts		
	<b>1,153.25</b>	<b>1,253.10</b>
<b>Trade receivables outstanding for a period exceeding six months</b>		
Unsecured, considered good	1,114.59	1,114.59
Doubtful		
Less : Provision for doubtful debts	1,114.59	1,114.59
	-	-
* Total	<b>1,153.25</b>	<b>1,253.10</b>

\* The above amount were subject to confirmation

**16 - CASH AND CASH EQUIVALENTS**

a. Balances with banks		
Current Accounts	194.73	29.47
Unpaid Dividend Account	8.42	8.42
Fixed Deposit with Banks	25.35	24.69
b. Cash on hand	5.30	14.54
	<b>233.80</b>	<b>77.13</b>

**17 - SHORT-TERM LOANS AND ADVANCES**

**Advances Recoverable in Cash or in Kind or for Value to be Received**

(Unsecured and considered good unless otherwise stated)

Employee Advance	-	339.03
Advance to Suppliers	632.32	-
CENVAT Credit	1,672.65	1,708.42
Cane Suppliers Advance	240.64	260.44
Harvester Advance	161.49	208.10
Prepaid Expenses	16.06	2.75
Other Deposits	412.73	411.13
* Total	<b>3,135.89</b>	<b>2,929.86</b>

\* The above amount were subject to confirmation

**EMPEE SUGARS AND CHEMICALS LIMITED**

**18 - REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Sale of Products (Gross)		
Sugar	3,859.37	3,426.95
Spirit	2,536.43	1,770.95
Power	2,457.09	426.73
Organic Manure	32.04	31.54
Fly Ash	1.09	1.86
	<b>8,886.02</b>	<b>5,658.03</b>
Less: Excise Duty	204.41	186.43
	<b>8,681.61</b>	<b>5,471.60</b>

**19 - OTHER INCOME**

Interest Receipts	3.41	11.40
Scrap Sales	1.87	-
Insurance Claims received	38.89	32.47
Sundry Income	0.75	211.90
	<b>44.92</b>	<b>255.78</b>

**20 - COST OF MATERIALS CONSUMED**

Opening Stock of Raw Material	1,299.12	1,411.59
Purchase of Raw Material	7,954.39	5,992.84
	9,253.51	7,404.43
Closing Stock of Raw Material	1,105.37	1,299.12
	<b>8,148.14</b>	<b>6,105.31</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**21 - CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b><u>Opening Inventory</u></b>		
Work in Process	70.00	273.61
Work in Process	72.87	70.00
Finished Goods	338.62	710.47
	<b>411.49</b>	<b>780.47</b>
<b><u>Closing Inventory</u></b>		
Work in Process	68.72	72.87
Finished Goods	314.23	338.62
	<b>382.95</b>	<b>411.49</b>
<b>Accretion to Stock</b>	<b>28.54</b>	<b>368.98</b>

**22 - EMPLOYEE BENEFIT EXPENSES**

Salary & Allowance	580.30	616.32
Contribution to Provident Fund and other funds	69.08	37.25
Gratuity	(133.99)	(7.76)
Bonus	21.64	16.30
Staff Welf. Expenses	18.05	18.91
	<b>555.08</b>	<b>681.03</b>

**23 - FINANCE COST**

Interest Expenses	577.95	6,184.06
Other Borrowing Costs	1.26	5.65
	<b>579.21</b>	<b>6,189.71</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**24 - OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Auditors Remuneration (Refer Note below)	2.80	3.15
Advertisement	1.54	4.20
Auditors Remuneration (Refer Note below)	3.00	2.80
Conveyance & Travelling	13.48	12.39
Insurance Premium	29.07	30.42
Miscellaneous Expenses	54.37	55.34
Donations	0.88	0.30
Business auxiliary services	8.92	-
Discount on issue of Shares written off	150.00	150.00
Postage, Telephone & Telegram	8.27	6.35
Printing & Stationery	5.30	4.11
Professional & Legal Charges	26.71	150.11
Rates and Taxes	84.48	52.08
Rent	18.64	28.77
Repairs & Maintenance-Buildings	37.13	43.12
Repairs & Maintenance-Machinery	61.51	24.22
Repairs & Maintenance-Others	33.29	22.27
Sitting Fees	0.97	5.07
Vehicle Maint. & Hire Charges	27.25	28.57
Security Service Charges	35.12	42.13
	<b>599.93</b>	<b>662.25</b>

**25. EARNINGS PER SHARE**

Profit after Tax (Rs. in Lakhs)	(10,739.85)	(29,833.57)
Profit after Tax (Rs. in Lakhs)	(3,684.72)	(10,739.85)
Weighted Average Number of Equity Shares (Basic)	41,972,900	41,972,900
Earning per share - Basic (in Rs.)	(8.78)	(25.59)
Weighted Average Number of Equity Shares (Diluted)	41,972,900	41,972,900
Earning per share - Diluted (Rs.)	(8.78)	(25.59)
Face Value per Share in (Rs)	10.00	10.00

**EMPEE SUGARS AND CHEMICALS LIMITED**

**26. CONTINGENT LIABILITIES & COMMITMENTS**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Disputed Interest on Purchase Tax (The Company has applied for waiver of Interest, which the company is hopeful of getting waiver)	729.59	729.59
(ii) Claims against the company not acknowledged as debt:		
Electricity Tax	456.22	456.22
Sales Tax	119.36	119.36
Customs duty	900.75	900.75
(iii) Guarantees		
Indian Bank, Chennai	20.50	20.50
Andhra Bank, Mount Road, Chennai	2.03	2.03
Indian Bank, Naidupet	43.00	43.00
(iv) Estimated amount of Capital contracts remaining to be executed is	-	-

27. Other Expenses include Rs. 150.00 Lakhs written off being 1/10th of total discount on issue of shares made during the year 2000-2001. The balance still to be written off is Rs. 600.00 Lakhs

**28. IMPORTED AND INDIGENOUS MATERIALS CONSUMED**

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
	%	Rs. in Lakhs	%	Rs in Lakhs
a. Consumption of Raw Materials				
Imported	-	-	-	-
Indigenous	100.00	8148.14	100.00	6,105.31
	<b>100.00</b>	<b>6105.31</b>	<b>100.00</b>	<b>19,070.77</b>
b. Consumption of Stores & Spares				
Imported	-	-	-	-
Indigenous	100.00	46.49	100.00	59.93
	<b>100.00</b>	<b>155.14</b>	<b>100.00</b>	<b>59.93</b>

**EMPEE SUGARS AND CHEMICALS LIMITED**

**29. VALUE OF IMPORTS ON CIF BASIS**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Raw Material	-	-

**30. EARNINGS IN FOREIGN EXCHANGE**

FOB Value of Exports	-	-
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**31. EXPENDITURE IN FOREIGN CURRENCIES**

Expenditure in Foreign Currencies	-	-
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**32. EMPLOYEE BENEFITS UNDER DEFINED BENEFIT PLANS**

<b>GRATUITY</b>		
Actuarial data on Defined Benefit Plans:		
<b>Projected Benefit Obligation at the beginning of the year</b>	225.07	95.57
Actuarial data on Defined Benefit Plans:		
<b>Projected Benefit Obligation at the beginning of the year</b>	201.18	225.07
Current Service Cost	3.23	12.81
Interest Cost	7.86	17.98
Actuarial Losses / (Gains)	(144.76)	(48.80)
Benefit Paid	6.77	5.88
<b>Projected Benefit Obligation at the end of the year</b>	<b>60.74</b>	<b>201.18</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the Beginning of the Year	0.25	12.76
Expected Returns on Plan Assets	0.02	1.01
Employer's Contribution	6.77	-
Benefits Paid	(6.77)	(5.88)
Actuarial Gains / (Losses)	(0.02)	(0.89)
Fair Value of Plan Assets at the End of the Year	<b>0.25</b>	<b>7.00</b>
<b>Amount Recognised in the Balance Sheet</b>		
Liability at the End of the Year	194.18	201.18
Fair Value of Plan Assets at the End of the Year	21.39	7.00
<b>Amount Recognised in the Balance Sheet</b>	<b>172.79</b>	<b>194.18</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	3.23	12.81
Interest on Obligation	7.86	17.98
Expected Return on Plan Assets	(0.02)	(1.01)
Net Actuarial Losses / (Gains) Recognised in the Year	(144.74)	(47.91)
<b>Net Cost Recognised in the Profit and Loss Account</b>	<b>(133.67)</b>	<b>(18.13)</b>



**EMPEE SUGARS AND CHEMICALS LIMITED**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2015
<b>ASSUMPTIONS</b>		
Discount Rate	7.99% P.A.	8.00% P.A.
Future Salary Increase	6 % P.A.	6 % P.A.
Attrition Rate	2-6% P.A.	2-6% P.A.
Expected Rate of Return on Plan Assets	7.99% P.A.	8.70% P.A.

Notes :

- a. The entire Plan Assets are managed by Reliance Life Insurance Company Ltd.,
- b. The expected return on Plan Assets is as furnished by a Qualified Actuary
- c. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors

**33. DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18**

Particulars	% of Share Holdings
<b>a) List of Related Parties</b>	
<b>I. Holding Company</b>	
Empee Distilleries Limited	63.43%
<b>II. Key Management Personnel</b>	
Mr.M.P.Purushothaman - Chairman and Managing Director	3.45%
<b>III. Other Related Parties</b>	
Empee Holdings Limited	2.29%
<b>IV. Other related parties (common share holding)</b>	
Empee International Hotels & Resorts Limited	
South (India) Hotels Pvt Ltd	
Appollo Distilleries Pvt. Ltd	
Appollo Alchobev Limited	
Aruna Exports Pvt Ltd	
Empee Hotels Limited	
Aruna Constructions (India) Limited	
EDL Marketing Pvt Ltd	
Empee Agro Farm Products Pvt Ltd	
Empee Marine Products Limited	
Appollo Beers Pvt Ltd	
Empee Leasing & Finance Limited	
Empee Communications Limited	
Universal Spirits Ltd	
Empee Construction Company Ltd	
Empee Power & Infrastructure Pvt Ltd	
Empee Packaging Industries	
EDL Properties Limited	
Aruna Constructions	

**EMPEE SUGARS AND CHEMICALS LIMITED**

**b) During the year the following transactions were carried out with the related parties in the ordinary course of business**

Transactions	Transactions			Rs. In Lakhs	
	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	For the year ended 31.03.17
Remuneration	- -	57.04 -	- -	- -	57.04 -
Receiving of Services	- -	- -	- -	8.92 -	8.92 -
Advance / Deposits Given (Net)	- -	- -	- -	- -	- -
Advance / Deposits received (Net)	407.61 (1,491.82)	- -	- -	- -	407.61 (1,491.82)
Interest Paid	- -	- -	- -	- -	- -
Interest Received	- -	- -	- -	- -	- -
Sale of Goods	19.16 -	- -	- -	138.30 -	157.46 -
Sale of investments	- -	- -	- -	- -	- -
Purchase of goods	- -	- -	- -	- -	- -
Rent paid	- -	- -	- -	18.20 (29.98)	18.20 (29.98)
Dividend Paid	- -	- -	- -	- -	- -
Balance Outstanding	(496.29)	-	-	545.31	49.02

Note : Amount in bracket indicate previous year figures

**EMPEE SUGARS AND CHEMICALS LIMITED**

**34. Segment wise details**

**Rs. in Lacs**

<b>Particulars</b>	<b>Sugar</b>	<b>IAP</b>	<b>Power</b>	<b>Unallocated</b>	<b>Total</b>
<b>Segment Revenue</b>					
Sales	3,617.65	2,605.78	2,458.18	-	8,681.61
Other Income	42.50	-	2.42	-	44.92
Total Revenue	3,660.15	2,605.78	2,460.60	-	8,726.53
Operating Profit	(619.97)	192.31	(177.51)	-	(605.17)
Interest Expenses	37.17	-	542.03	-	579.20
Depreciation	1147.08	121.84	1,435.07	-	2,703.99
Net Profit before tax	(1,804.22)	70.47	(2,154.61)	-	(3,888.36)
<b>Other Information</b>					
Segment Assets	15,094.74	1,021.81	28,306.61	-	44,423.16
Segment Liabilities	32,413.19	1,929.20	51,352.46	-	85,694.85
<b>Depreciation</b>	1,147.08	121.84	1,435.07	-	2,703.99
<b>Capital Expenditure</b>	8.00	-	-	-	8.00

35. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

36. Balances under trade payables, trade receivables, cane suppliers and harvester advance are subject to confirmation from the concerned parties and reconciliation. The impact of this on the accounts is presently not ascertainable.

For and on behalf of the Board

In terms of our report of even date

**M.P. Purushothaman**  
Managing Director

**Nisha Purushothaman**  
Director

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

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

Place : Chennai  
Date : 29.05.2017

**ATTENDANCE SLIP**

**EMPEE SUGARS AND CHEMICALS LIMITED**

CIN: L24110AP1988PLC009291

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

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

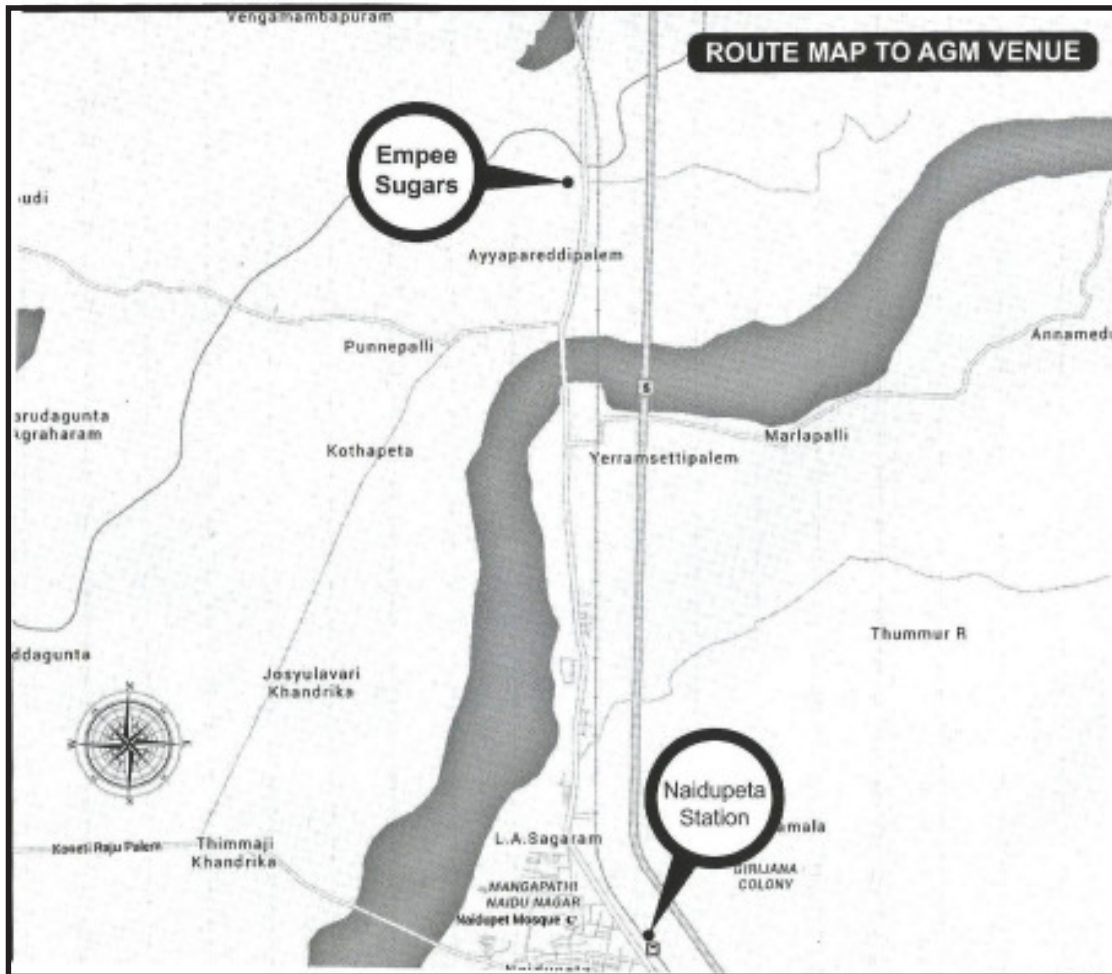
**26<sup>th</sup> ANNUAL GENERAL MEETING**

I/We hereby record my/our presence at the 26<sup>th</sup> Annual General Meeting of the Company being held at Ayyapareddipalem Village, Naidupet Mandal, Nellore - 524 126, Andhra Pradesh on Friday, the 29<sup>th</sup> September 2017 at 11.30 a.m.

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

**Note:**

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



EMAIL FORMAT :

Date :

Dear Sir / Madam

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

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

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

**Company Name** : **EMPEE SUGARS AND CHEMICALS LTD**

Folio No. :

Name (1st / Sole Holder) :

Email ID :

Mobile Number :

Pan (Optional) :

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

Signature of the Shareholder

Thanking You,

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

**PROXY FORM**

**EMPEE SUGARS AND CHEMICALS LIMITED**

CIN: L24110AP1988PLC009291

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

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

I/We being the member(s) of ..... shares of the above named Company hereby appoint:

- (1) Name :  
Address : Email ID :  
Signature : ..... or failing him;
- (2) Name :  
Address : Email ID :  
Signature : ..... or failing him;
- (3) Name :  
Address : Email ID :  
Signature : ..... or failing him;

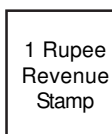
as my/our proxy to attend and vote for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 29<sup>th</sup> September 2017 at 11.30 a.m. at Ayyapareddipalem Village, Naidupet, Nellore -524 126, Andhra Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :

Res. No.	Resolutions	Optional	
		For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Financial Statements for the year ended 31.3.2017.		
2.	Re-appointment of Ms.Nisha Purushothaman who retires by rotation.		
3.	Appointment of M/s.Venkatesh & Co., as Statutory Auditors.		
	<b>Special Business</b>		
4.	Appointment of Mr. Suresh Raj Madhok as an Independent Director		
5.	Ratification of Remuneration payable to Cost Auditor.		
6.	Approval for Related Party Transactions.		

Signed this.....Day of September 2017

Signature of shareholder : .....

Signature of Proxy holder : .....



Note:

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