

# ***Kothari***

SUGARS AND CHEMICALS LTD

## **Kothari Sugars and Chemicals Ltd.**

**55<sup>th</sup> Annual Report 2015 - 16**





**Bhadrashyam H Kothari**

11.11.1961 - 22.02.2015



*With fond memories of our Dearest Chairman  
You will always inspire and guide us.*

## CORPORATE INFORMATION

<b>Board of Directors</b>	Nina B. Kothari - Chairperson Arjun B. Kothari - Managing Director P.S.Gopalakrishnan V.R.Deenadayalu P.S.Balasubramaniam
<b>Company Secretary</b>	R.Prakash
<b>Chief Financial Officer</b>	R.Krishnan
<b>Statutory Auditors</b>	R.Subramanian and Company Chartered Accountants, No.6, Krishnaswamy Avenue Luz, Mylapore, Chennai - 600 004.
<b>Internal Auditors</b>	(a) K.R.Sarangapani & Co, Chartered Accountants, Chennai - 600 083 (b) V.P.Mukundan & Associates Chartered Accountants, Chennai - 600 004
<b>Cost Auditor</b>	K.Suryanarayanan Chennai - 600 018
<b>Secretarial Auditor</b>	M.Alagar, Company Secretary in Practice Chennai - 600 018
<b>Legal Advisors</b>	S.Ramasubramanian & Associates, Advocates, Chennai - 600 004.
<b>Registered Office</b>	"Kothari Buildings" No.115, Mahatma Gandhi Salai Nungambakkam, Chennai - 600 034. Phone No. 044 - 30281595 / 30225507 Fax No. 044-28334560
<b>Registrar &amp; Share Transfer Agents</b>	Cameo Corporate Services Limited, Subramanian Buildings, 5th Floor No.1, Club House Road, Chennai - 600 002. Phone No.044 - 28460390 to 28460394 Fax No. 044 - 28460129 e-mail: investor@cameoindia.com
<b>Listing</b>	The National Stock Exchange of India Limited (NSE)
<b>Stock Code</b>	<b>KOTARISUG</b>
<b>ISIN</b>	<b>INE419A01022</b>
<b>CIN</b>	<b>L15421TN1960PLC004310</b>
<b>Manufacturing Units</b>	<b>Kattur</b> Kattur Railway Station Road, Lalgudi Taluk, Trichy District, Tamil Nadu - 621 706  <b>Sathamangalam</b> Sathamangalam Village, Vetriyur Post, Keezhapalur, Ariyalur Taluk, Perambalur District, Tamil Nadu - 621 707

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## Financial Highlights

(₹. In lakhs)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>PROFITABILITY ITEMS</b>					
Gross Income	25,325	35,131	33,274	44,091	32,684
Gross Profit (PBDIT)	2,399	2,050	3,011	4,133	3,662
Depreciation	1,464	1,598	1,610	1,689	1,315
Profit/ (Loss) Before Interest & Tax	936	452	1,401	2,444	2,347
Interest	659	486	941	529	467
Profit/ (Loss) Before Tax	277	(35)	460	1,915	1,880
Income Tax	3	425	59	367	374
Deferred Tax	156	(5)	121	687	664
Profit/ (Loss) After Tax	118	(454)	279	861	841
<b>BALANCE SHEET ITEMS</b>					
Net Fixed Assets (incl.CWIP)	19,482	20,903	22,445	22,736	20,764
Investments	1,783	1,836	1,583	838	656
Net Assets (Current / non current)	3,019	3,231	3,757	4,030	4,679
Total Capital Employed	24,284	25,970	27,795	27,604	26,098
Shareholders Funds	11,875	12,107	12,849	13,155	12,393
<b>OTHERS</b>					
Book Value per share (Rs.)	14.33	14.61	15.50	15.87	14.95
EPS (Rs.)	0.14	(0.55)	0.34	1.04	1.01

**NOTICE to the Members**

Notice is hereby given that the 55th Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Friday, 05th August 2016 at 10.15 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

**Ordinary Business:**

1. To consider and adopt:
  - a) the Audited financial statements of the Company for the financial year ended March 31, 2016, the Reports of the Board of Directors and Auditors and
  - b) the Audited consolidated financial statements of the Company for the financial year ended March 31, 2016.
2. To appoint a Director in the place of Mr.Arjun B Kothari, (DIN 07117816) who retires by rotation and being eligible offers himself for re-appointment.

**3. Appointment of Auditors**

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

**“Resolved** that M/s.R.Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors, be and are hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at the remuneration to be fixed by the Board of Directors”.

**Special Business:**

**4. Ratification of Remuneration 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** subject to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 if any and Companies (Audit & Auditors) Rules, 2014, payment of remuneration of Rs.1,00,000/- (Rupees One Lakh Only) plus applicable service taxes and re-imbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Sugar, Distillery & Co-gen units of the Company for the year 2016 - 2017, be and hereby ratified and confirmed.”

By Order of the Board  
for **Kothari Sugars and Chemicals Limited**

Place: Chennai  
Date: 27th May, 2016

**R. Prakash**  
Company Secretary

**Important Notes:**

- a) **The Register of Members and Share Transfer books will remain closed from Saturday, the 30th July, 2016 to Friday, 05th August, 2016 (both days inclusive) on account of the Annual General Meeting.**
- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- c) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
- d) A person can act as Proxy on behalf of members not exceeding fifty (50) 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 act as a proxy for any other person or shareholder.
- e) The instrument appointing a Proxy should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting i.e. 10.15 a.m. on Friday, 05th August 2016. A Proxy form is sent herewith.
- f) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
- g) **Members or Proxies are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting and members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.**
- h) Members who have not encashed their dividend warrants pertaining to the financial year 2013 - 14 are advised to write to the Company / RTA immediately claiming the dividend declared by the Company. The detail of unpaid dividend due for transfer to IEPF is detailed below.

Nature of Dividend	Financial Year	Date of Payment of Dividend	Due Date for transferring to IEPF on
Final Dividend	2013 - 14	01.10.2014	07.10.2021

- i) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividend in respect of the financial year 2013 - 14, as on the date of the 54th Annual General Meeting (AGM) held on 11th August, 2015, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also in the Company Website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) under "Investors Section"
- j) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company / Registrar and Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- k) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc

**Important Note:** 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 email to its members. To support this green initiative, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s.Cameo Corporate Services Limited, whose address is given elsewhere in this Annual Report. Kindly ensure to update your fresh E-mail ID with the Depository / M/s.Cameo, if you have changed the same.

- l) The Company has designated an exclusive e-mail id viz. [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable investors to register their complaints / queries, if any.
- m) In terms of circulars issued by the Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.
- n) **The shareholders are expected to send their queries on annual accounts / other reports of Annual Report to the Company in the e-mail id [secdept@hckgroup.com](mailto:secdept@hckgroup.com), atleast 3 days before the date of meeting, so that the requisite information / explanations can be provided on time.**
- o) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under the Members holding shares may, at any time, nominate in form SH-13, any person as his/her nominee to whom the securities shall vest in the event of his/her death. Nomination would help the nominees to get the shares transmitted in their favour without any hassles. Members desirous of making any cancellation/variation in the said nomination can do so in form SH-14. The nomination forms can be downloaded from the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl).
- p) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this notice.
- q) Electronic copy of the Notice and Annual Report of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice and Annual Report of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are sent in the permitted mode.
- r) Members may also note that the Notice of the 55th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request at the same for free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [secdept@hckgroup.com](mailto:secdept@hckgroup.com).

#### **Voting Through Electronic Means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Rule 21 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the SEBI (LODR) Regulations, 2015 the Company shall provide members facility to exercise their right to vote at the 55th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

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

#### **In case of members receiving e-mail:**

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii) Click on “Shareholders” tab to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number - “EVSN” along with “COMPANY NAME” from the drop down menu and click on “SUBMIT”.



iv) **Now Enter your User ID:**

	For Members holding shares in Demat Form	For Members holding shares in Physical form
User ID	<b>For NSDL:</b> 8 Character DP ID followed by 8 Digits Client ID <b>For CDSL:</b> 16 digits beneficiary ID	Folio Number registered with the Company

Then enter the Captcha Code as displayed and Click on Login

v) 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. If you are a first time user follow the steps given below:

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

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both Demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/RTA/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. Incase 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 of the CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

# Please enter any one of the details in order to login. Incase both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

To avoid this problem of filling a default number in future, members are strongly advised to update their PAN details and dividend bank details immediately with the Depository Participants / RTA – Cameo Corporate Services Limited / Company.

vii) After entering these details appropriately, click on “SUBMIT” tab.

viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is 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.

ix) For Members holding shares in physical form, the details can be used only for e-voting on the results contained in this Notice.

x) Click on the relevant EVSN on which you choose to vote.

xi) 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.

- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) 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.
- xiv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take printout of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution / Authorization to the e-mail id of scrutinizer (**kscl.scrutinizer@gmail.com**) and RTA ([murali@cameoindia.com](mailto:murali@cameoindia.com)) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xvii) 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) or contact Phone No. 022-22723333.
- xviii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) 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. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company / depository participant(s) or requesting physical copy]:**

**Please follow all steps from sl. no. (i) to sl. no. (xvi) above, to cast vote.**

#### **VOTING AT AGM:**

- i) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

#### **General**

- a) The remote e-voting period commences on Monday, 01st August, 2016 at 9.00 A.M. and ends on Thursday, 04th August, 2016 at 5.00 P.M. 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 as well as voting in the general meeting. The remote e-voting module shall be blocked by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b) After dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Friday, 29th July, 2016 may obtain the login ID and password by sending an email to [investor@cameoindia.com](mailto:investor@cameoindia.com) or [secdept@hckgroup.com](mailto:secdept@hckgroup.com) or [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote by mentioning their Folio No./DP ID and Client ID.

- c) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- d) The voting rights of a member shall be in proportion to his shares in the paid up equity share capital of the Company as on the cut-off date of i.e. Friday, 29th July, 2016.
- e) Mr.N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- f) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will 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 two days after 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 authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- g) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) and website of CDSL <http://www.evotingindia.com> and also forward the same to the National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.
- h) Route Map showing directions to reach the venue of the 55th Annual General Meeting is given at the end of this Annual Report as per the requirement of the Secretarial Standard -2 (SS-2) on "General Meetings."

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No.4**

The Audit Committee and the Board of Directors of the Company at the meeting held on 27th May, 2016 appointed Mr.K.Suryanarayanan, Cost Accountant, as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2016 - 2017.

As per the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014, the members of the Company should ratify the remuneration of the Cost Auditor.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out in Item No.4 of the Notice to ratify the remuneration of Rs.1,00,000/- (Rupees One Lakh Only) plus applicable service taxes and re-imbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2016 - 2017 which has been duly approved by the Board of Directors after considering the recommendation made by the Audit Committee of the Company at the meeting held on 27th May, 2016.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested either financially or otherwise, in the Resolution set out at Item No.4.

By Order of the Board  
for **Kothari Sugars & Chemicals Limited**

Place: Chennai  
Date: 27th May, 2016

**R Prakash**  
Company Secretary

THE INFORMATION IN RESPECT OF ITEM NO. 2 IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.2
Name of the Director	Arjun B. Kothari
Date of Birth	11.09.1991
Date of Appointment	08.04.2015
Qualification	Bachelor of Science (Education and Social Policy), Northwestern University, Evanston, Illinois, United States of America & Global Health and European Politics from Paris Institute of Political Studies, Paris, France.
Experience in specific functional areas	Mr.Arjun B. Kothari, is holding directorship in H C Kothari Group of Companies.  He also worked in General Electric Corporation, USA as a senior specialist in the management development rotation programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriated workers.
List of other Public Companies in which Directorship held	a) Kothari Petrochemicals Ltd. b) Kothari Safe Deposits Ltd.
Chairman/ Member of the Committee of the Board of Director of the Company	Member a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee  Chairman Investment & Credit Approval Committee
Chairman / Member of the Committee of the other companies in which he is a Director	<b>a)Kothari Petrochemicals Limited</b> Member (i) Stakeholders Relationship Committee (ii) Corporate Social Responsibility Committee  Chairman Investment & Credit Approval Committee <b>(b) Kothari Safe Deposits Limited</b> Chairman (i) Investment Committee (ii) Share Transfer and Shareholders Grievances Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2016	14,400 Equity Shares

## DIRECTORS' REPORT

### To the Members

Your Directors present the 55th Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2016.

### Financial Summary & Highlights of the Company

₹ in lakhs

Financial Performance	2015 - 2016	2014 - 2015
Net Revenue	25,325	35,131
Profit/(Loss) before Interest and Depreciation	2,399	2,050
Interest	659	486
Depreciation	1,464	1,598
Profit/(Loss) before Tax	277	(35)
Tax Adjustments including Deferred Tax	159	419
Profit / (Loss) after Tax	118	(454)
<b>Appropriations:</b>		
Transfer to Capital Redemption Reserve	350	288
Balance Carried Forward	(232)	(741)

### Operational Review and State of Affairs:

#### Sugar Industry Overview

For the sixth consecutive year the world sugar production has recorded a surplus with major contribution coming from Brazil and India. Due to excess production, the international price registered a huge fall which was the lowest in six years. The scenario in India is no different with the production outstripping demand for the sixth year in succession. A carryover stock of 9.08 million tonnes of previous years and estimated surplus production, led to a crash in sugar price to around Rs.21.50 per kg by July 2015.

However, the introduction of Minimum export quota on all sugar mills linked with incentive to the farmers has helped to improve the sugar price. Further due to the drought conditions prevailing in Maharashtra and parts of Karnataka, the production estimates were revised downward to 25.1 Million tons for the sugar year 2015 - 16. This has helped in firming up of sugar price further from December 2015 onwards and reached Rs.33/kg level by end March 2016.

The following were the major developments that had taken place during the year under review:

- Govt of India has introduced "minimum indicative export quota" (MIEQ) to all sugar mills in order to liquidate some amount of surplus sugar from the market. Further a direct incentive of Rs.45 per Ton of cane was also announced to the farmers of those mills which comply with the obligation, (i.e.80% of MIEQ) in order to compensate the losses incurred through such exports.
- Excise duty is exempted for Ethanol supplied to Public Sector Oil Companies under Ethanol Blending Program (EBP) with effect from 1<sup>st</sup> October 2015.
- Excise duty of Molasses used for production of Ethanol is exempted with effect from 1<sup>st</sup> October 2015.
- Government of India has notified an interest subsidy soft loan for one year period. Under the said scheme the interest subvention will be 10% borne by the Government of India and interest over and above that will be borne by the Company. The maximum eligible amount to each mill under this scheme shall be 11% of the value of sugar produced during the sugar year 2013 - 14.

#### Company Performance

Sl.No	Quantitative Performance	2015 - 2016	2014 - 2015
(i)	Cane Crushed (Metric Tones)	7,10,308	8,89,885
(ii)	Sugar recovery (%)	9.19	8.96
(iii)	Sugar produced (Quintals)	6,52,915	7,97,340
(iv)	Alcohol produced (Kilo liters)	15,750	15,792
(v)	Power Generated (lakh Kwh)	634	748

### Sugar

The sugarcane availability has come down drastically in the state of Tamilnadu over a period of 5 years due to scanty rainfall, shift in cropping pattern and shrinkage of cultivable land due to urbanisation. As a result the overall cane crushing has come down. However we have optimised the operations and recorded higher recovery rate of 9.19% against the previous year recovery of 8.96%. The sugar price registered a decline from around Rs.24/kg at the beginning of the year to around Rs.21/kg in the middle but firmed up thereafter to close at Rs.33/kg by the year end.

### Alcohol

Though the cane crushing was much lower than in the previous year, we have operated the distillery unit at the optimum level to sustain the production by purchasing molasses from other factories. The realisation was however lower than the previous year due to cheaper imports from other neighbouring states coupled with disparities in value added tax.

### Co-generation of Power

The power generation also dropped compared to the previous year due to a drop in the cane crushing. The power generation dropped by 15% compared to the previous year. The average realisation per unit continued to be Rs.3.15 and Rs.3.67 respectively for Kattur and Sathamangalam units. TNERC has revised the tariff to Rs.3.52 and Rs.4.07 per unit for Kattur and Sathamangalam respectively. However, the implementation of the said recommendation by TANGEDCO is still under consideration.

### Conservation of Energy / Technology Absorption / Foreign Exchange Earning and Outgo:

#### (a) Conservation of Energy:

- (i) We have installed one no 37 KW Variable Frequency Drive for the old boiler FD fan drive at Kattur. With this modification, the Energy consumption of that equipment has come down to 50% of the earlier consumption level.
- (ii) The inefficient open cum worm reduction gearing system of bagassee slat conveyor at Sathamangalam unit has been replaced with a planetary gear box. With this the energy consumption has come down by 15% and the installed drive has also been changed from 60 Hp to 50 Hp.

#### (b) Technology absorption:

Sugar colour at both Kattur and Sathamangalam plants has been improved to 60 ICUMSA and 67 ICUMSA level respectively as against the industry norm of below 100 ICUMSA. This has been achieved through in house R&D efforts. Further no additional energy or chemical is used for achieving the above improvement.

#### (c) Foreign exchange earnings and Outgo:

₹ in lakhs

Sl. No.	Particulars	2015 - 2016	2014 - 2015
(i)	Total Foreign Exchange earned	Nil	Nil
(ii)	Total Foreign Exchange outflow	0.92	15.16

### Dividend:

The Directors do not recommend a dividend for the current financial year due to inadequate profit and the prospects in the near future also being not very promising.

### Board Meetings:

During the year, 06 Board Meetings and 04 Audit Committee Meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between two meetings was within the period as prescribed under the Companies Act, 2013.

### Share Capital:

The paid up equity share capital as on March 31, 2016 was Rs.8,288.86 Lakhs. The company has neither issued any shares with differential voting rights nor granted stock options or sweat equity.

### Directors:

Mr.Arjun B.Kothari, (DIN 07117816) Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**Declaration from Independent Directors**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that each of them comply with the criteria of their Independence as laid down in Section 149(6).

**Composition of Audit Committee**

The Audit Committee comprised of the following directors for the year ended 31st March 2016:

Sl. No.	Name of Directors	Designation
(i)	Mr.P.S.Gopalakrishnan	Chairman (Independent Director)
(ii)	Mr.V.R.Deenadayalu	Member (Independent Director)
(iii)	Mr.P.S.Balasubramaniam	Member (Independent Director)

The Board has not rejected any proposal / recommendations of the Audit Committee during the year.

**Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The details of the Remuneration Policy are stated in the Corporate Governance Report.

**Vigil Mechanism:**

The Company has a vigil mechanism named “**Whistle Blower Policy**” to deal with genuine concerns, if any, raised by the Directors / Employees. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the Company’s website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

**Prevention of Insider Trading:**

The Company has adopted a Code for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company’s shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All the Directors and the designated employees have confirmed compliance with the Code.

**Director’s Responsibility Statement:**

In terms of Section 134(5) of the Companies Act, 2013, the Directors state that:

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

**Subsidiary Company**

Kothari International Trading Limited (KITL) is a wholly owned subsidiary of the Company. It carries on the business as Merchants, Traders and Commission Agents and had secured Government of India recognition as an Export House.

KITL has made a profit before tax of Rs.53.58 Lakhs for the year ended March 31, 2016 as against Rs.43.39 Lakhs in the previous year.

Pursuant to Section 136 of the Companies Act, 2013, Companies are exempted from attaching the Annual Reports and other particulars of its subsidiary Companies alongwith the Annual Report of the Company. However, a Statement containing salient features of the financial statement of the subsidiary Company viz. KITL in form AOC-1 as a part of the Consolidated Financial Statement of the Company is attached.

The Financial Statement of Kothari International Trading Limited, subsidiary company is kept at the registered office for inspection of members during working hours and the same is also available on the website of Kothari Sugars & Chemicals Limited. The Company shall provide free of cost, the copy of the financial statements of its Subsidiary Company to the shareholders upon their request.

**Associate Company**

Kothari Petrochemicals Limited (KPL) is an Associate Company and it produces high quality Poly Iso Butene (PIB) of various grades using Iso Butylenes, being sourced from Refineries / Petrochemical complex and it continues to retain its status as the "Largest PIB manufacturer in India" with an annual installed capacity of 24,000 tons.

KPL has made a profit before tax of Rs.14.17 Crores for the year ended March 31, 2016 as against Rs.16.36 Crores in the previous year.

**Extract of Annual Return:**

As required under section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT - 9 is attached as a part of this Annual Report as per Annexure I.

**AUDITORS:****a) Statutory Auditors**

The Statutory Auditors of the Company, M/s.R.Subramanian and Company, Chartered Accountants, Chennai, hold office till the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed there under.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s.R.Subramanian and Company, Chartered Accountants, Chennai as the Auditors of the Company till the conclusion of 56th Annual General Meeting. The re-appointment proposed is within the time frame for transition under the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

As required under SEBI Listing Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**b) Cost Auditor**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Sugar, Co-gen and Distillery Unit are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Mr.K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Company for the financial year 2016 - 17 on a remuneration of Rs.1,00,000. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr.K.Suryanarayanan, Cost Accountant is included at Item No.4 of the Notice convening this Annual General Meeting.

**c) Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.M.Alagar, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure II". The Report does not contain any qualification.

**Deposits**

The Company has not accepted deposits either from the members or public falling within the ambit of Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. There were no outstanding deposits at the end of the year.

**Significant & Material Orders Passed by the Regulators:**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.



**Internal Financial Control Systems and their Adequacy**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditor function is carried out by independent firms of Chartered Accountants. The scope and authority of the Internal Audit function is defined by the Audit Committee. The Internal Audit Reports are placed before the Audit Committee for its scrutiny and suggestions, if any. The Internal Auditors are present at all the meetings of Audit Committee.

The Internal Auditors monitor and evaluate the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the Internal Auditors, the Company undertakes corrective action in the respective areas and strengthens the controls.

**Particulars of Loans, Guarantees or Investments:**

The company has not given any Loans or Guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by company are given in the notes to the financial statements.

**Risk Management:**

Pursuant to the requirement of SEBI Listing Regulations, 2015, the Company had laid down the procedures to inform the Board Members about the risk assessment and minimization procedures. Accordingly, the Company periodically submits the Risk Management Review Report to the Board for the review and suggestions.

**Corporate Social Responsibility Policy:**

Pursuant to the provisions of section 135 and Schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee (CSR) was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. The policy on Corporate Social Responsibility as approved by the Board is posted on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl).

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for the schemes for promotion of education. The contributions in this regard have been made to a Registered Trust which is undertaking these schemes. Detailed Report on CSR activities in the prescribed format are attached in "Annexure III

**Related Party Transactions:**

All related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business. There were no 'material' contracts or arrangements or transactions which were not at arm's length basis and therefore disclosure in form AOC-2 is not required.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. For the transactions entered into pursuant to the omnibus approval so granted, a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis

The policy on Related Party Transactions as approved by the Board is posted on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

**Formal Annual Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 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 Committees, with the format (Questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire covers various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Directors (without participation of the relevant Director) was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

**Separate Meeting of Independent Directors**

The Independent Directors of the Company had met during the year to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and also reviewed the access, the quality, quantity and timeliness of flow of information between the company management and the Board without the presence of the Non-Independent Directors and members of the Management.

**Disclosure about Cost Audit**

<b>Filing of Cost Audit Report</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
Due Date	27.09.2016	30.09.2015
Actual Date	31.08.2016 (Target)	28.09.2015
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	--	Nil

**Listing with Stock Exchanges:**

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTARISUG. The Company confirms that it has paid the Annual Listing Fees for the year 2016 - 2017 to NSE where the Company's Shares are listed.

**Corporate Governance and Shareholders Information:**

Your Company has taken adequate steps to adhere to all the stipulations laid down in the SEBI Listing Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report.

Certificate from the Practising Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015 is attached to this Report.

**Particulars of Employees and related disclosures.**

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

No Employee draws remuneration in excess of the limits in terms of the provisions of the Section 197 (12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**Consolidated Financial Statements**

As stipulated by Regulation 34(2) of SEBI Listing Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India alongwith Auditors Report and form part of this Annual Report.

**Cautionary Statement**

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those either expressed or implied in the statement depending on the circumstances.

**Acknowledgement**

Your Directors thank the Banks, Customers, Debenture Holders, Farmers, Financial Institutions, Government Authorities, Suppliers and Shareholders for their continued support. Your directors also place on record their appreciation for the services by the employees of the Company.

On behalf of the Board  
for **Kothari Sugars and Chemicals Limited**

Place: Chennai  
Date: May 27, 2016

**Nina B. Kothari**  
Chairperson

**ANNEXURE - I**
**Form No. MGT - 9  
 EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on 31st March 2016**

[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**

CIN	L15421TN1960PLC004310
Registration Date	07.11.1960
Name of the Company	Kothari Sugars and Chemicals Limited
Category / Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	"Kothari Buildings", No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034 Ph. No. 044-30251595/30225507 Fax No.044-28334560 e-mail: secdept@hckgroup.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 5th Floor No.1, Club House Road, Chennai - 600 002. Phone No.044 - 28460390 to 28460394 Fax No. 044 - 28460129 e-mail: investor@cameoindia.com

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
(i)	Sugar	10721	68.44%
(ii)	Co-gen	35106	4.67%
(iii)	Distillery	11019	25.09%

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

Sl. No.	Name and Address of the Company	CIN / GNL	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
(i)	Parvathi Trading and Finance Company Private Limited No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U65191TN1989PTC017390	Holding	70.20%	2(46)
(ii)	Kothari International Trading Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U51101TN1995PLC029759	Subsidiary	99.99%	2(87)
(iii)	Kothari Petrochemicals Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	L11101TN1989PLC017347	Associate	20.42%	2(6)

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

## i) Category-wise Share Holding

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter									
1	Indian									
(a)	Individual / Hindu Undivided Family	27,60,909	-	27,60,909	3.33	27,60,909	-	27,60,909	3.33	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	6,09,47,519	-	6,09,47,519	73.53	6,09,47,519	-	6,09,47,519	73.53	-
2	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	6,09,47,519	-	6,09,47,519	73.53	6,09,47,519	-	6,09,47,519	73.53	-

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B.</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	95	290	385	0.00	35	290	325	0.00	-
(b)	Financial Institutions / Banks	-	33	33	0.00	60	33	93	0.00	-
(c)	Central Government / State Government(s)	675	10,350	11,025	0.01	675	10,350	11,025	0.01	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	22,56,788	-	22,56,788	2.72	22,56,788	-	22,56,788	2.72	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>22,57,558</b>	<b>10,673</b>	<b>22,68,231</b>	<b>2.73</b>	<b>22,57,558</b>	<b>10,673</b>	<b>22,68,231</b>	<b>2.73</b>	<b>-</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	29,25,262	3,884	29,29,146	3.53	31,01,002	47,251	31,48,253	3.80	0.27
	Individuals -									
	i. Individual shareholders holding nominal share capital upto Rs.1 lakh.	1,04,42,929	77,340	1,05,20,774	12.69	1,01,20,024	33,682	1,01,53,646	12.25	(0.44)
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	57,40,861	-	57,40,861	6.93	59,16,238	-	59,16,238	7.14	0.21
(c)	Any Other									
	1) Directors & Relatives	505	474	979	0.00	505	474	979	0.00	-
	2) Non-Resident Indians (NRI's)	4,80,898	172	4,81,070	0.58	4,53,482	172	4,53,654	0.55	(0.03)
	<b>Sub-Total (B)(2)</b>	<b>1,95,90,455</b>	<b>82,375</b>	<b>1,96,72,830</b>	<b>23.73</b>	<b>1,95,91,251</b>	<b>81,579</b>	<b>1,96,72,830</b>	<b>23.74</b>	<b>0.01</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,18,48,013</b>	<b>93,048</b>	<b>2,19,41,061</b>	<b>26.47</b>	<b>2,18,48,809</b>	<b>92,252</b>	<b>2,19,41,061</b>	<b>26.47</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>8,27,95,532</b>	<b>93,048</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,96,328</b>	<b>92,252</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>-</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
	1) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	2) Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8,27,95,532</b>	<b>93,048</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,96,328</b>	<b>92,252</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

Sl. No.	Promoters Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Parvathi Trading & Finance Co. Pvt. Ltd.	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(ii)	Nina Bhadrashyam Kothari	25,10,537	-	25,10,537	3.03	26,83,498	-	26,83,498	3.24	0.21
(iii)	Rasika H.Kothari	39,986	-	39,986	0.05	39,986	-	39,986	0.05	-
(iv)	Nayantara B. Kothari	23,025	-	23,025	0.03	23,025	-	23,025	0.03	-
(v)	Arjun B. Kothari	14,400	-	14,400	0.02	14,400	-	14,400	0.02	-
	<b>Total</b>	<b>6,07,74,558</b>	<b>-</b>	<b>6,07,74,558</b>	<b>73.33</b>	<b>6,09,47,519</b>	<b>-</b>	<b>6,09,47,519</b>	<b>73.54</b>	<b>0.21</b>

## iii) Change in Promoters Shareholdings (Please specify, if there is no change)

Name of the Promoter	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
Nina Bhadrashyam Kothari				
At the beginning of the year	25,10,537	3.03	25,10,537	3.03
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	Inter se transfer	0.21	1,72,961	0.21
	27.04.2015	1,72,961		
<b>At the end of the year</b>	<b>26,83,498</b>	<b>3.24</b>	<b>26,83,498</b>	<b>3.24</b>

**iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Life Insurance Corporation of India	22,56,788	2.72	22,56,788	2.72
2	Century Tecsol Private Limited	15,52,697	1.87	15,52,697	1.87
3	Rudraraju Appalaraju	4,49,200	0.54	4,45,000	0.54
4	Aartie Sunil Anandpara	-	-	2,24,388	0.27
5	Sameer Rajaram Gaikwad	2,03,372	0.25	2,03,372	0.25
6	Ajay Girdharilal Bhartiya	1,95,201	0.24	2,00,000	0.24
7	Shilpa Ajay Bhartiya	1,88,545	0.23	1,70,000	0.21
8	A Jayakumar	-	-	1,65,000	0.20
9	Gayatridevi Rajendraprasad Todi	1,02,487	0.12	1,53,000	0.18
10	Santosh Kumar Saraogi	1,40,000	0.17	1,40,000	0.17

**v) Shareholding of Directors and Key Managerial Personnel**

For Each of the Directors					
Sl. No	Name of Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mrs.Nina B. Kothari	25,10,537	3.03	26,83,498	3.24
2	Mr.Arjun B. Kothari	14,400	0.02	14,400	0.02
3	Mr.P.S.Gopalakrishnan	-	-	-	-
4	Mr.V.R.Deenadayalu	-	-	-	-
5	Mr.P.S.Balasubramaniam	505	0.00	505	0.00
For Each of the KMP					
1	Mr.R.Prakash Company Secretary & Compliance Officer	-	-	-	-
2	Mr. R. Krishnan - Chief Financial Officer	-	-	-	-

**V) INDEBTEDNESS**

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

₹ in lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	15350.70	623.15	-	15973.85
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	914.03	-	-	914.03
<b>Total (i+ii+iii)</b>	<b>16264.73</b>	<b>623.15</b>	<b>-</b>	<b>16887.88</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	2471.67	-	-	2471.67
Reduction	1076.09	-	-	1076.09
Net Change	1395.58	-	-	1395.58
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	16746.28	623.15	-	17369.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	794.12	-	-	794.12
<b>Total (i+ii+iii)</b>	<b>17540.40</b>	<b>623.15</b>	<b>-</b>	<b>18163.55</b>

**VI) Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole Time Director and / or Manager. No remuneration was paid to Managing Director during the year 2015-16.

**B. Remuneration to Other Directors**

## 1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount in ₹
		Mr.P.S.Gopalakrishnan	Mr.V.R.Deenadayalu	Mr.P.S.Balasubramaniam	
1	Sitting fees for attending Board and Committee Meetings	1,60,000	1,50,000	1,35,000	4,45,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
<b>Total (B) (1)</b>					<b>4,45,000</b>

## 2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs.Nina B. Kothari	Total Amount In.Rs.
1	Sitting fees for attending Board and Committee Meetings	1,00,000	1,00,000
2	Commission	-	-
3	Others, please specify	-	-
<b>Total (B) (2)</b>			<b>1,00,000</b>
<b>Total (B) = (B)(1)+ (B)(2)</b>			<b>5,45,000</b>



**C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Directors**

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of KMP		
		Mr.R.Prakash Company Secretary & Compliance Officer	Mr.R.Krishnan Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	17.71	20.18	37.90
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	--	--	--
2	Stock Options	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of Profit - others, Specify	-- --	-- --	--
5	Others, Please specify	--	--	--
<b>Total (C)</b>		<b>17.71</b>	<b>20.18</b>	<b>37.90</b>

**VII. Penalties / Punishment / Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Director</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officer in Default</b>					
Penalty					
Punishment					
Compounding					

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

For the Financial Year 2015-16

[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,

**Kothari Sugars and Chemicals Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kothari Sugars and Chemicals Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Kothari Sugars and Chemicals Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) 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;
  - f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The following applicable labour, employment and industrial laws;
  - a) The Contract Labour (Regulation and Abolition) Act, 1970
  - b) The Employees Compensation Act, 1923
  - c) The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
  - d) The Employees' State Insurance Act, 1948
  - e) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
  - f) The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
  - g) The Industrial Disputes Act, 1949
  - h) The Factories Act, 1948

- i) The Maternity Benefit Act, 1961
- j) The Minimum Wages Act, 1948
- k) The Payment of Bonus Act, 1965
- l) The Payment of Gratuity Act, 1972
- m) The Payment of Wages Act, 1936
- n) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- o) The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
- p) The Tamil Nadu Labour Welfare Fund Act, 1972
- q) The Tamil Nadu Payment of Subsistence Allowance Act, 1981
- r) The Tamil Nadu Shops and Establishments Act, 1947
- s) The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992

7. Other laws applicable specifically to the Company namely;

- a) The Sugar Cess Act, 1982.
- b) Sugar (Packing & Making) Order, 1970.
- c) Jute Packing Materials (Compulsory use of Packing Commodities ) Act 1987 and
- d) The Sugarcane Control (Order), 1966.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with Stock Exchange(s)

During the period under review, I observed that the Company has complied with applicable statutory provisions as stated above, Rules, Regulations, Standards and Guidelines made thereunder.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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

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

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

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

- 1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- 2. Redemption / Buy-Back of Securities.
- 3. Merger / Amalgamation / Reconstruction etc.
- 4. Foreign Technical Collaborations.

**For M.Alagar & Associates**

**Place:** Chennai  
**Date :** May 11, 2016

**M. Alagar**  
**FCS No: 7488**  
**C P No.: 8196**

**ANNEXURE - III**
**REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES**
**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

In alignment with the "Vision" of the company, KSCL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The policy, encompasses the company's philosophy its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

This policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons. The web-link on CSR policy: <http://www.hckotharigroup.com/kscl/pdf/kscl-csr-policy.pdf>

For purposes of focusing its CSR efforts in a continued and effective manner, the following Eight Thrust Areas have been identified:

- (i) Education / Literacy Enhancement
- (ii) Environment Protection / Horticulture
- (iii) Infrastructure Development
- (iv) Drinking water/ Sanitation
- (v) Healthcare/ Medical facility
- (vi) Community Development / Social Empowerment
- (vii) Contribution to Social Welfare funds set up by Central / State Government
- (viii) Relief of victims on Natural Calamities

**2. The Composition of the CSR Committee:**

The Company has constituted the CSR Committee with the following Directors:

Sl. No.	Name	Members
(i)	Mrs.Nina B Kothari	Chairperson (Non-Executive & Non-Independent)
(ii)	Mr.P.S.Gopalakrishnan	Member (Independent)
(iii)	Mr.P.S.Balasubramaniam	Member (Independent)
(iv)	Mr.Arjun B Kothari	Member (Non-Independent)

**3. Average net profit of the company for the last three financial years:**

₹. In Lakhs

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2014-2015	(191.12)
(ii)	2013 - 2014	463.02
(iii)	2012 - 2013	2018.29
	<b>Total</b>	<b>2290.19</b>
	<b>Average Annual Net Profit</b>	<b>763.40</b>

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

2% of Average Net Profit is around Rs.15.27 Lakhs

**5. Details of CSR spent during the financial year.**

(a)	Total amount to be spent for the financial year	Rs.15.27 Lakhs
(b)	Amount unspent, if any	Nil
(c)	Manner in which the amount spent during the financial year	Attached as per annexure in this report.

**6. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.****Boards Responsibility:**

The Board of Directors is required to approve the CSR Policy after considering recommendations of CSR Committee.

The Board shall make sure that the:

- (i) Activities included in CSR Policy are related to activities included in Schedule VII of the Act.
- (ii) Activities as included in CSR Policy are undertaken by the Company.

**Implementation**

The Company can implement its CSR activities through:

- ✓ programmes undertaken by the Company at various work centers to the best possible extent.
- ✓ its own non-profit foundations/company (incorporated under Section 8 of the Act) so as to facilitate this initiative.
- ✓ a registered trust or a society/agency;

Provided that such specialized trust or society/agency; shall have a track record of three years in undertaking similar programs or projects;

- ✓ the process of collaborating or pooling with other companies for undertaking projects or programmes or CSR activities in such manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
- ✓ The CSR programmes or activities undertaken in India only shall amount to CSR Expenditure

Provided that, the Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

**Monitoring and Feedback****Effective steps to be implemented:**

- ✓ To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation would be reported to the corporate office on a monthly basis.
- ✓ The CSR Committee at the corporate office will conduct impact studies on a periodic basis, on the proper functioning of the implemented CSR programmes.
- ✓ Appropriate documentation of the Companies CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the website for public reference.
- ✓ The CSR policy and their progress will also be reported in the yearly Annual Report and Board report of the Company.

(Managing Director)

(Chairperson CSR Committee)

## Annexure: Manner in which the amount spent during the financial year 2015 - 2016.

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Construction of additional Classroom for School located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education / Literacy Enhancement	Local area, where the company operates and the location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu	Rs.15.27 Lakhs	Direct Expenditure of Rs.15.27 Lakhs	Rs.15.27 Lakhs spent during the financial year 2015 - 16	Amount of Rs.15.27 Lakhs has been spent through Registered Trust namely HCK Educational & Development Trust.

(\*) The details of implementing agency as given below

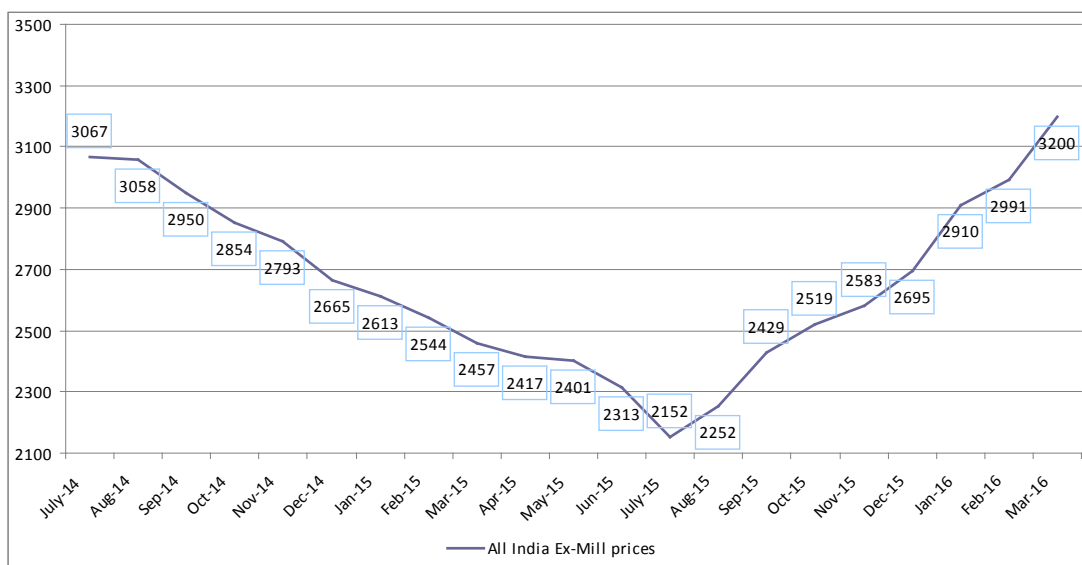
Name of the Registered Trust	Address	Details of Trust and Experience
HCK Educational & Development Trust	No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	Trust Constituted on 24.06.2010 and received the exemption under Section 80G of the Income Tax Act, 1961. Experience: Since its inception the Trust involved in the activities of developing and improving the Education. They are also having the experience in constructing the School building.

## Management Discussion and Analysis

### Industry Performance

The sugar production in the country in the sugar year 2015-16 is reported to fall to 25.1 million MT from 28.3 Million MT in the previous sugar year. This reduction is mainly on account of lesser cane plantation in Uttar Pradesh and drought in Maharashtra & parts of Karnataka.

Sixth consecutive year of surplus production in the country as well as in the world has resulted in steep fall in the sugar price which touched the lowest in six years in July 2015. However the price started improving gradually from August 2015 onwards.



In order to liquidate the surplus sugar stock in the country, the Central Government fixed Minimum Export Obligation to each sugar mill and also introduced an incentive of Rs.45 / ton of cane (to the farmers) to compensate the losses incurred on account of export. This has helped to some extent in firming up of the domestic sugar price.

Excise duty on ethanol and molasses used for production of ethanol were exempted with effect from 1st Oct 2015. This, together with adequate lifting of ethanol by public sector oil companies has helped to reverse the sliding trend.

The current season commenced with a relatively high opening stock of about 9.08 million tonnes in the country. However with lesser production during the year, the closing stock is likely to come down to 7.08 million MT by the end of sugar year 2015-16.

Due to fall in the production in the country and the world, coupled with export incentives, the sugar price in the domestic market has improved steadily.

### Indian Industry Outlook

It is expected that in the sugar year 2016 - 2017, the domestic sugar production in India is expected to fall further to 23.5 million tons against consumption of about 25.6 million tons which indicates one more year of deficit to follow. This will help sugar price to firm up further.

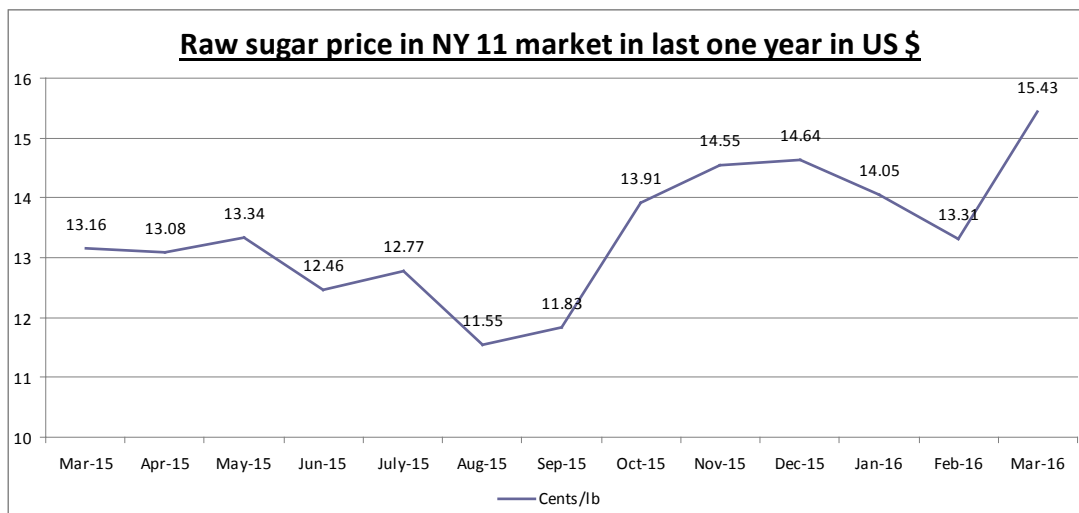
TNERC has revised the tariff for the power sold to TANGEDCO under long term PPA, which will benefit the industry.

Tamil Nadu is affected due to failure of monsoon which resulted in severe drought in many parts of the state. The cane area under our command is also facing severe drought conditions which may affect cane availability besides adversely affecting sugar cane yield and recovery.

### World Sugar Industry scenario

The world sugar production is also likely to end up with a lower production in the sugar year 2015 - 16 than the previous year and end up with a deficit of about 5.0 Million MT. The estimated production for the sugar year 2015 - 16 is 177 Million MT against the consumption of 182 Million MT. The 2016 - 17 sugar year is also expected to be a deficit year due to drought conditions prevailing in India, Thailand and Australia.

The world sugar fundamentals were bearish in the beginning of the financial year and have touched the lowest level in August 2015. However the prices have started firming up steadily thereafter due to prediction of lower production and the same trend is expected to continue.



#### Strength:

Strong operational and technical team and high level maintenance, ensured that downtime in the plant was very less.

#### Weakness:

Higher cost of raw material - sugar cane in Tamil Nadu when compared to other states coupled with lower tariff for the cogenerated power sold to the state grid makes the company's operations non-competitive. Command area available for the sugarcane cultivation for both the units is not optimal and results in lower production volume.

#### Opportunities

Demand for Sugar, Power and Alcohol show an increasing trend. The world sugar production is sliding and the deficit is expected to widen in the sugar year 2016 - 17. The Central Government policies on ethanol blending can help in improving revenue in the distillery unit.

#### Threats

Factors causing concern to the industry are inadequate availability and higher cost of raw material. With depreciation of Brazilian Real, the export of sugar is more attractive. This coupled with lower crude oil price, may encourage Brazilian mills to divert more cane for the production of sugar than their earlier estimate. This may significantly reduce the deficit. The Government of India's various policies on export of sugar and import duties and finally the agro-climatic conditions are key for the industry's prospects.

#### Outlook

The availability of raw material - (sugar cane and molasses) is going to be a major challenge for the company in the forthcoming financial year which is likely to affect the company's production adversely.

With the sugar prices firming up, and increase in the tariff for the power sold to TANGEDCO, the profitability of the company in the forthcoming financial year is likely to be better than the previous year.

The long-term prices and profitability of Indian sugar companies will remain highly cyclical and dependent on domestic and international supply-demand trends which depend on the agro climatic conditions in major producing countries and crude oil price trends, which determine the diversion of cane crop to ethanol. Consequently, the price trends in international markets will be one of the key determinants of future profitability. Further, government policy in ensuring a rational linkage between cane prices and sugar prices will also be a key to long-term viability of sugar operations. Within the sugar industry however, players who have high operating efficiencies, forward integration and a strong capital structure will be best placed to ride out the cycles



## **RISKS AND CONCERNS**

### **Raw Material Risk**

Heavy drought in Tamil Nadu and in the company's command areas would result in lower capacity utilization and lower fixed cost absorption. Higher cost of sugar cane in Tamil Nadu over other states will result in increase in the cost of production of sugar which may affect the company's competitiveness.

### **Risk Mitigation**

We are propagating technologies like micro irrigation for cultivating higher area within the available water sources. Further new technologies like single bud plantation and wider row plantations are propagated to the farmers for higher productivity and to reduce cost of cultivation. We are also focusing on the improvement of operational efficiency and cost reduction in all possible areas to remain competitive.

### **Competitive risk**

Some of the existing Sugar Mills in Tamil Nadu have commissioned new units/upgraded their facilities which may put same pressure on cane availability.

### **Risk Mitigation**

The Company maintains very good relationship and is also in constant touch with the farmers.

### **Internal Financial Control Systems and their adequacy**

The Company has established a system of internal control across all its business operations and for safeguarding the Assets. The functions of Internal Audit are carried out by Independent firms of Chartered Accountants, who submit their Reports on a quarterly basis to the Management. These Reports are also placed before the Audit Committee on its meetings and they are reviewed by the Audit Committee. The Board, Audit Committee and the Management ensure that the internal financial control system operates effectively. The Internal Auditors review the adequacy of internal control systems and suggest necessary checks and balances to ensure and increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subjected to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

### **Human Resources / Industrial Relations**

Human resources are the most important resources in an organization and need to be used efficiently, because success, stability and growth of an organization depends on its ability in acquiring, utilizing and developing the human resources for the benefit of the organization. In the final analysis, it is the people (i.e. employees) who produce promising results and generate a climate conducive to the growth and development of the organization.

During the year employees attended a series of training sessions on Technical and soft skills as part of Employee Development Program. Special Onsite Program and In-house Training programme were conducted on safety.

The company is focused on Career development of employees and Manpower requirement is filled by giving priority to internal sources - through promotions / horizontal transfers. Key Performance Indicators are utilized for the career growth of employees. During the year, the industrial relations have been cordial, conducive and mutually productive.

The Human Resources Department created an Internal Complaint Committee for the prevention and redressal of sexual harassment of women at work place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Total number of employees as on 31st March 2016 was 501 in respect of sugar and allied operations.

On Behalf of the Board  
**for Kothari Sugars & Chemicals Limited**

Place: Chennai  
Date: May 27, 2016

**Nina B. Kothari**  
Chairperson

**PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES:**

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details: No directors are in receipt of remuneration except sitting fees.

For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration.

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name	Designation	Percentage of Increase
i)	Mr.Arjun B. Kothari	Managing Director	No Salary was paid during the year
ii)	Mr.R.Krishnan	Chief Financial Officer	5%
iii)	Mr.R.Prakash	Company Secretary	5%

- c) The percentage increase in the median remuneration of employees in the financial year: Percentage varies between 05 to 08 %
- d) The number of permanent employees on the rolls of company as on 31st Mar 2016: 501
- e) The explanation on the relationship between average increase in remuneration and company performance:  
 The company's performance has only been moderate due to deficient rain, drought conditions and non availability of raw material. To prevent the morale of the employees sagging and in line with the industry standards, the management has, on an average provided between 5% to 8% increase to each employee based on their performance during the year.
- f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Name	Designation	CTC	% increase in CTC	PAT	% increase in PAT
Mr. Arjun B.Kothari	Managing Director	No salary was paid during the year	NA	Rs.117.72 Lakhs	126%
Mr.R.Krishnan	Chief Financial Officer	Rs.20,18,748/-	5%		
Mr.R.Prakash	Company Secretary	Rs.17,71,752/-	5%		

- g) Variation in the market capitalisation of the Company, Price Earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer:

Date	Issued Capital	Closing Market Price per share	EPS	PE Ratio	Market Capitalisation
31.3.2015	82.88 Crores	6.15	-0.55	- 11.18	50.98 Crores
31.3.2016	82.88 Crores	10.70	0.14	76.43	88.69 Crores
Increase/(Decrease)	--	4.55	0.69	87.61	37.70 Crores
% increase/ (Decrease)	--	74%	125%	784%	74%
Issue Price of the Share at the last Public Offer(IPO)	--	Rs.45 (Rs.35 Premium) (in 1992)	--	--	--
Increase in market price as on 31.03.2016 as compared to Issue Price of IPO	--	--	--	--	--
Increase in %	--	--	--	--	--

- h) Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:  
 Increase of remuneration for employees was in the range of 5 to 10 % and for KMP the increase was 5% for the year.
- i) The Key parameters for any variable component of remuneration availed by the directors: No salary was paid to Managing Director during the year and other directors are paid only sitting fees.
- j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable
- k) If remuneration is as per the remuneration policy of the company: Yes

## CORPORATE GOVERNANCE

### Corporate Governance Philosophy

Kothari Sugars and Chemicals Limited believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term values while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong Corporate Governance values intrinsic in all its operations. The Company is led by a distinguished Board, which includes Independent Directors. The Board provides a strong oversight and strategic counsel. The company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide the management, the strategic direction it needs.

### BOARD OF DIRECTORS

#### a) Composition

The Board consists of five Directors as on the date of this Report. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sl. No	Name of the Director	Designation
(a)	Mrs. Nina B Kothari	Chairperson
(b)	Mr.Arjun B. Kothari	Managing Director
(c)	Mr.P.S.Gopalakrishnan Mr.V.R.Deenadayalu Mr.P.S. Balasubramaniam	Independent Directors

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. All Directors except the Independent Directors are liable to retire by rotation. None of the Directors is a member of more than ten committees or chairman of more than five committees in Public Limited Companies in which they are Directors. Necessary disclosures have been obtained from all the directors regarding their directorship and taken on record by the Board.

The names of the Directors and the details of other Chairmanship / Directorship / Committee membership of each Director are given below

Sl. No.	Name of the Director	Director Category	Number of Directorships in other companies	Number of Committee positions (as Chairman / Member) held in other public Companies	
				Chairman	Member
(i)	Mrs.Nina B.Kothari	Non- Executive	14	-	1
(ii)	Mr.Arjun B. Kothari	Executive	16	-	1
(iii)	Mr.P.S.Gopalakrishnan	Independent	3	1	-
(iv)	Mr.V.R.Deenadayalu	Independent	-	-	-
(v)	Mr.P.S.Balasubramaniam	Independent	8	-	2

#### Note:

- Other directorships also include Private Limited Companies.
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for Committee Memberships

#### b) Board Meetings and Attendance at Board Meetings

The Board met 6 times during the financial year 2015 - 2016. The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days. The relevant details are as under:

Sl. No	Board Meeting Dates	Board Strength	No. of Directors present
(i)	Apr 08, 2015	5	5
(ii)	May 29, 2015	5	5
(iii)	Aug 11, 2015	5	5
(iv)	Nov 06, 2015	5	4
(v)	Feb 08, 2016	5	5
(vi)	Mar 24, 2016	5	5

The dates for the Board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are provided well in advance. The Chairperson and the Managing Director apprise the Board on the overall performance of the company at every Board meeting. The Board reviews performance of the company on a regular basis. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Executives and Managing Director regarding compliances of all laws on a quarterly basis.

**c) Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)**

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at previous AGM held on August 11, 2015
Mrs.Nina B. Kothari	NED	06	06	Yes
Mr.Arjun B. Kothari	MD	06	06	Yes
Mr.P.S.Gopalakrishnan	INED	06	06	Yes
Mr.V.R.Deenadayalu	INED	06	06	Yes
Mr.P.S.Balasubramaniam	INED	06	05	Yes

Note: (NED: Non Executive Director; INED: Independent Non-Executive Director; MD: Managing Director)

**COMMITTEES OF THE BOARD**

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Non-mandatory Committee viz. Investment and Credit Approval Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the subsequent Board Meetings.

**AUDIT COMMITTEE**

The Audit Committee comprises of the following directors and attendance of each director for the year ended 31st March 2016 is as follows:

Sl. No.	Names of the Director	Designation	No. of Meeting held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	04	04
(ii)	Mr.P.S.Balasubramaniam	Member	04	03
(iii)	Mr.V.R.Deenadayalu	Member	04	04

The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 11th August, 2015. The Audit Committee met four times during the year on 29th May 2015, 11th August 2015, 06th November 2015 & 08th February 2016.

The Audit Committee acts as a link between the Board of Directors and the Statutory and Internal Auditors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI Listing Regulations, 2015. Some of the important functions performed by the Committee are:

### Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Reviewing the Management Discussion & Analysis Report of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (GAAP).
- Review the investments made by the Company.

### Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's system and internal controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism (implemented in the Company as a Whistle Blower Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

### Audit

- Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- To recommend to the Board the remuneration of the Statutory Auditors / Cost Auditors.
- To discuss with the Statutory Auditors / Chief Internal Auditors any significant difficulties encountered during the course of the Audit.
- Review annual Cost Audit Report submitted by the Cost Auditor.

### Other Duties

- To approve the appointment, removal and terms of remuneration of the Internal Auditor and to approve the appointment of the Chief Financial Officer.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve all transactions subject to the approval of the Board.
- The committee also looks into those matters specifically referred to it by the Board.

As on 31st March 2016 the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / audit exposure. The Managing Director, Chief Financial Officer and President are permanent invitees to the meetings of the committee. The Statutory Auditors and Internal Auditors were present at all Audit Committee meetings. The representative of the Cost Auditor is invited to attend the Meeting of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as per Regulation 18 of the SEBI Listing Regulations, 2015.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. Mr.P.S.Gopalakrishnan, is the Chairman of the Committee. Mr.V.R.Deenadayalu and Mr.P.S.Balasubramaniam are the other members. The Company Secretary is the Secretary to the Committee. The Chairman of Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 11th August, 2015. The Committee met two times during the year on 08th April 2015, and 07th July 2015.

The details are as follows:

Sl. No.	Name of Director	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	2	2
(ii)	Mr.P.S.Balasubramaniam	Member	2	2
(iii)	Mr.V.R.Deenadayalu	Member	2	2

**The terms of reference of the Committee inter alia, include the following:**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independence of Directors and the Board;
- Devising a policy on Board Diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### **Remuneration Policy:**

##### **Policy for selection and Appointment of Directors / KMP and their Remuneration**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director / KMPs and their remuneration. This Policy is accordingly derived from the said Charter.

##### **Criteria of selection of Non Executive Directors**

- The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing;
  - Diversity of the Board.
- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **Remuneration**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder.

- A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- The N&R Committee may recommend to the Board, the payment of commission to the Non - Executive Directors of the Company

- iv) In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Directors.
- v) The total commission payable to the Non Executive Directors shall not exceed 1% of the net profit of the Company;
- vi) The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

#### **Managing Director - Criteria for selection / appointment**

For the purpose of selection of the Managing Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration, recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

#### **Remuneration for the Managing Director**

- i) At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii) The remuneration of the Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus by way of commission.
- iv) In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
  - a. the relationship between remuneration and performance benchmarks is clear;
  - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c. responsibility required to be shouldered by the Managing Director, the industry benchmarks and the current trends;

#### **Remuneration Policy for the Senior Management Employees**

- I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:
  - i. the relationship between remuneration and performance benchmark is clear;
  - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

#### **Criteria for Performance evaluation framed by N & R Committee**

- Pursuant to the provisions of the Companies Act, 2013 and SEBI, Listing Regulations, 2015, the Nomination and Remuneration Committee shall lay down the criteria for the formal annual evaluation of Board, Committees and Individual Directors.
- Pursuant to the above requirements, the Nomination and Remuneration Committee has framed a format inter alia containing attendance & participation at meetings, inputs provided & its impact on the company whether positive or adverse etc. for the Annual Evaluation of Independent Directors, Board and its Committees. Thus, Nomination and Remuneration Committee recommends the devised format to the Board to apply while conducting the Annual Evaluation.

The Remuneration Policy approved by the Board of Directors was posted on the website of the Company [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

**STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee carries out the functions of share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, non-receipt of annual reports etc.

The committee met 11 times during the year 2015 - 2016. No sitting fee is paid for attending the meetings of the Committee.

Sl.No	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	11	11
(ii)	Mr.P.S.Balasubramaniam	Member	11	07
(iii)	Mr.Arjun B. Kothari	Member	11	10

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting of the Company held on 11th August, 2015.

The terms of reference of the Committee are:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- monitoring and expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debentures and other securities of the Company.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the members of the Stakeholders Relationship Committee and the Company Secretary to approve the share transfers / transmissions and accordingly, the Stakeholders Relationship Committee or the Company Secretary approve the transfer / transmission of shares generally on a fortnight basis. The committee also reviews the performance of the Registrar and Share Transfer Agents.

**Details of the Complaints received from the Shareholder(s) / Regulator(s) during the financial year 2015 - 2016**

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non-receipt of Dividend	8	8	-
(ii)	Non-receipt of new share certificate	2	2	-
(iii)	Non-receipt of annual reports	2	2	-
(iv)	Non-receipt of final redemption warrants	-	-	-
(v)	Non-receipt of fractional warrants	-	-	-
(vi)	Transfer of shares	-	-	-
(vii)	De-materialization matters	-	-	-
(viii)	Others	-	-	-
	<b>TOTAL</b>	<b>12</b>	<b>12</b>	<b>-</b>
(i)	Securities Exchange Board of India (SEBI)	-	-	-
(ii)	Ministry of Corporate Affairs (MCA)	-	-	-
(iii)	National Stock Exchange (NSE)	-	-	-
(iv)	Registrar of Companies (ROC)	-	-	-
(v)	Consumer Forum	-	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>



Pursuant to SEBI, LODR, Regulations, 2015 the company is processing the investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. R.Prakash, Company Secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact the Secretarial Department at the registered office of the company

#### **Corporate Social Responsibility Committee**

Pursuant to Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) Committee of the Board has been constituted.

Corporate Social Responsibility Committee met one time during the financial year 2015 - 2016 on August 11, 2015.

The composition and attendance of the Committee members are as follows:

Sl.No.	Names of the Directors	Designation	No. of Meetings	Directors Attendance
(a)	Mrs.Nina B Kothari	Chairperson (Non Executive & Non Independent)	1	1
(b)	Mr.Arjun B.Kothari	Member (Executive & Non-Independent)	1	1
(c)	Mr.P.S.Balasubramaniam	Member (Independent Director)	1	1
(d)	Mr.P.S.Gopalakrishnan	Member (Independent Director)	1	1

The further details have been provided in the Director's Report and the Corporate Social Responsibility policy which is posted on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

#### **Investment and Credit Approval Committee - Non Mandatory Committee**

The Investment and Credit Approval Committee formed for the purpose of investing the funds of the company, power to borrow and power to make loans.

Pursuant to section 179 of the Companies Act, 2013, the Board delegates its power to borrow monies, power to invest the funds of the company and the power to make loans to the Investment and Credit approval Committee within the total sanction limit approved by the Members of the Company from time to time. The Committee met 09 times during the year. No sitting fee is paid for attending the meetings of the Committee.

The Committee comprises of the following Directors

Sl. No.	Name	Members
(i)	Mr.Arjun B. Kothari	Chairman (Executive & Non-Independent)
(ii)	Mr.P.S.Balasubramaniam	Member (Independent)
(iii)	Mr.P.S.Gopalakrishnan	Member (Independent)

#### **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 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 Committees.

The devised format recommended by the Nomination and Remuneration Committee for Annual Evaluation was sent to all the Directors well in advance to carry out this exercise. Based on the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, suitable follow up action will be taken by the Company.

A separate exercise was carried out to evaluate the performance of individual Directors (Independent Directors), who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company etc. The performance evaluation of the Independent Directors was carried out by the entire Board (without the presence of concerned Independent Director). The Directors expressed their satisfaction with the evaluation process.

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on March 24, 2016, inter alia to

- Review the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the Performance of the Chairperson of the Company, taking into account the views of the Executive and Non Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting without the presence of Non-Independent Directors and members of the Management.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

A Familiarisation programme for Independent Directors of the Company was being conducted on completion of Board Meetings and the details of such familiarisation programmes are disseminated on the website of the Company ([www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl))

### REMUNERATION PAID TO DIRECTORS

No remuneration was paid to Executive Director. The Non Executive Directors also do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the committees.

#### a) Details of Sitting Fees paid during the financial year 2015-2016

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Director Meeting	Total
Mrs.Nina B. Kothari	90,000	N.A	10,000	N.A	N.A	1,00,000
Mr.P.S.Gopalakrishnan	90,000	40,000	10,000	10,000	10,000	1,60,000
Mr.V.R. Deenadayalu	90,000	40,000	N.A	10,000	10,000	1,50,000
Mr.P.S.Balasubramaniam	75,000	30,000	10,000	10,000	10,000	1,35,000
<b>Total</b>	<b>3,45,000</b>	<b>1,10,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>5,45,000</b>

There were no other pecuniary relationships or transactions concerning the Non-Executive Director's vis-à-vis the company during the Financial Year ended 31st March, 2016.

#### b) Details of shareholding of Directors as on 31st March 2016

As on 31st March 2016, Mr.Arjun B. Kothari, Managing Director holds 14,400 equity shares and Mrs. Nina B. Kothari, Non-Executive Director holds 26,83,498 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company except Mr.P.S.Balasubramaniam who holds 505 equity shares.

**ANNUAL GENERAL MEETINGS**

The details of the Annual General Meetings held in the last three years are as follows:

Year	Venue	Date	Day	Time
2014 - 2015	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014	August 11, 2015	Tuesday	10.30 A.M
2013 - 2014	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014	September 03, 2014	Wednesday	10.30 A.M
2012 - 2013	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014	September 06, 2013	Friday	10.15 A.M

The details of Special Resolutions passed in AGM/EGM in the last 3 years are as follows:

Date of AGM	Whether any Special Resolution was passed	Particulars
Aug 11, 2015	Yes	Appointment of Mr.Arjun B. Kothari as Managing Director and Whole Time Key Managerial Person.
Sep 03, 2014	Yes	(i) Consent under Section 180(1)(c) of the Companies Act, 2013 for borrowings. (ii) Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc.
Sep 06, 2013	Yes	Re-appointment of Mr.B.H.Kothari, as Chairman & Managing Director w.e.f 01.10.2013 to 30.09.2018

No Special Resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2015 - 2016.

**SUBSIDIARY COMPANY**

The financials of the subsidiary company viz., M/s.Kothari International Trading Limited have been duly reviewed by the Audit Committee and the Board of the company. The Board minutes of the subsidiary company has been placed before the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary company if any.

The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company ([www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl))

**RISK ASSESSMENT AND MINIMIZATION PROCEDURES**

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has formulated a Whistle Blower Policy of Vigil Mechanism and has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy.

The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behavior. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly.

The company affirms that no personnel has been denied access to the Audit Committee.

Further details are available in the Whistle Blower policy of the Company posted in Company Website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl).

**DISCLOSURES****RELATED PARTY TRANSACTIONS:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI Listing Regulations, 2015 during the financial year were in the ordinary course of business and on an arms length pricing basis.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per the requirements of Accounting Standard 18 are disclosed in the notes to accounts annexed to the financial statements. Further the Company has not entered into any transaction of a material nature with the Promoters, Directors their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company.

In terms of Regulation 23 of SEBI Listing Regulations, 2015, the Company has obtained prior approval of the Audit Committee for entering into transactions with related parties.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

**COMPLIANCES:**

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

**MEANS OF COMMUNICATION**

- The Audited and Unaudited Quarterly Financial Results and Annual Financial Results of the company are published in The Financial Express and Malai Sudar.
- The company's website address is: [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). The website contains basic information about the company and such other details as required under the Listing Regulations, 2015. The company ensures periodical updation of its website. The company has designated e-mail id [ksclcs@hckgroup.com](mailto:ksclcs@hckgroup.com) and [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable the shareholders to register their grievances.
- Pursuant to the SEBI Listing Regulations, 2015, all data related to quarterly financial results, shareholding pattern and report on Corporate Governance, etc., are filed in NEAPS within the time frame prescribed in this regard.
- No presentations have been made to institutional investors or to analysts.

**CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT**

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). As provided under SEBI Listing Regulations, 2015, the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the financial year 2015-2016.

**GENERAL SHAREHOLDER INFORMATION****a) Annual General Meeting**

Date and Time	August 05, 2016, Friday at 10.15. A.M.
Venue	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014

**b) Financial Calendar of the Company**

The Financial year covers the period from 1st April to 31st March.

Results for Quarter ending 30th June, 2016	First fortnight of August, 2016
Results for Quarter ending 30th September, 2016	First fortnight of November, 2016
Results for Quarter ending 31st December, 2016	First fortnight of February, 2017
Results for Quarter ending 31st March, 2017	Last Week of May, 2017

**c) Date of Book Closure**

The period of Book Closure is fixed from Saturday, the 30th July, 2016 to Friday, 05th August, 2016 (both days inclusive)

**d) Management Discussion and Analysis Report**

The Management Discussion and Analysis Report, which forms part of the Directors Report.

**e) Listing of Shares**

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2016 - 17 has been paid. (Stock Code: KOTARISUG).

**f) Details of the outstanding ADRs / GDRs / Warrants Or Convertible Instruments: Nil**
**g) Stock Market Data**

(Amount in ₹)

Month	High	Low	Month	High	Low
Apr 2015	7.90	6.10	Oct 2015	8.55	5.55
May 2015	7.35	5.90	Nov 2015	12.75	6.40
Jun 2015	6.30	4.85	Dec 2015	11.40	8.50
Jul 2015	6.90	5.00	Jan 2016	12.00	9.35
Aug 2015	7.30	5.20	Feb 2016	12.40	7.90
Sep 2015	7.20	5.30	Mar 2016	12.10	8.90

**h) Shareholding Pattern as on 31st March 2016**

Sl. No.	Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	%
<b>A.</b>	<b>Promoter and Promoter Group</b>				
(a)	Bodies Corporate	1	--	5,81,86,610	70.20
(b)	Individuals	4	--	27,60,909	3.33
<b>(B)</b>	<b>Public shareholding</b>				
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds / UTI	7	290	95	0.00
(b)	Financial Institutions / Banks	4	33	--	0.00
(c)	Central Government / State Government(s)	2	10,350	675	0.01
(d)	Venture Capital Funds	--	--	--	--
(e)	Insurance Companies	1	--	22,56,788	2.72
(f)	Foreign Institutional Investors	--	--	--	--
(g)	Foreign Venture Capital Investors	--	--	--	--
<b>2</b>	<b>Non-Institutions</b>				
(a)	Bodies Corporate	381	3,884	29,25,262	3.53
(b)	Individuals	24,654	77,845	1,61,83,790	19.62
(c)	Non-Resident Indians (NRI's)	94	172	4,80,898	0.58
(d)	Directors and Relatives	3	474	505	0.00
(e)	Clearing Members	37	--	45,267	0.05
(f)	HUF	396	--	10,17,801	1.23
(g)	Trust	1	--	25	--
	<b>TOTAL (A)+(B)</b>	<b>25,585</b>	<b>92,252</b>	<b>8,27,96,328</b>	<b>100.00</b>

## i) Distribution of Shareholding as on 31st March 2016

(Amount in ₹)

Rs. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	21,103	2,30,14,010
5,001-10,000	2,124	1,87,22,290
10,001-20,000	1,059	1,72,57,680
20,001-30,000	387	1,01,04,930
30,001-40,000	190	69,64,060
40,001-50,000	225	1,09,00,230
50,001-1,00,000	275	2,09,21,870
1,00,001 and above	222	72,10,00,730
<b>Total</b>	<b>25,585</b>	<b>82,88,85,800</b>

## j) Registrar and Share Transfer Agents

M/s.Cameo Corporate Services Limited, having its registered office at Subramanian Building, 5th Floor No.1, Club House Road Chennai - 600 002 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

## k) Information in respect of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 1956 / 2013 dividends that remain unclaimed for a period of seven years in the unclaimed Dividend Account are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The unclaimed dividend as on March 31, 2016 is as follows:

Nature of Dividend	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2016	Date of Declaration	Due Date for transferring to IEPF
Final Dividend	2013 - 14	Rs.4,43,116	03.09.2014	07.10.2021

- ❖ Members are requested to note that as per the extant provisions of Companies Act, unclaimed dividend once transferred to IEPF will not be refunded.

## l) Request to Investors

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- ❖ Shareholders are requested to convert their physical holding to demat / electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- ❖ Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- ❖ It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- ❖ Shareholders holding shares in physical form, those who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form SH-13 to the Company or STA. Those holding shares in electronic form are advised to contact their DPs. The requisite form can be download from the company' website.
- ❖ Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.
- ❖ As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

**m) Reconciliation of Share Capital Audit**

A quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical and electronic form the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2016 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 8,27,96,328 equity shares representing 99.88% of the paid up equity capital have been dematerialized as on 31st March 2016.

**n) Information to Shareholders**

A brief resume of the director re-appointed together with the nature of his experience and details of the other directorships held by him is annexed to the Notice convening the Annual General Meeting.

**o) Plant Locations**

Kattur	Kattur Railway Station, Lalgudi, Trichy District - 621 706. Tamilnadu Phone Nos. : 0431-2541224, 2541350, Fax No. : 0431 - 2541451
Sathamangalam	Sathamangalam Village, Vetriyur Post, via - Keezhapalur, Ariyalur Taluk, Perambalur District - 621 707, Tamilnadu Phone Nos: 04329-320800, Fax No:04329 - 209730

**p) Address for Correspondence**

Company's Registered Office	Company Share Transfer Agent
The Company Secretary Kothari Sugars & Chemicals Limited Kothari Buildings 115, Mahatma Gandhi Salai Nungambakkam, Chennai - 600 034 Tel. No. : 044-30281595, 30225507 Fax No. : 044-28334560 E-mail : secdept@hckgroup.com	M/s.Cameo Corporate Services Limited Unit: Kothari Sugars & Chemicals Limited Subramanian Building, 5th Floor No.1, Club House Road Chennai - 600 002 Tel. No.: 044 - 28460390 (5 Lines) Fax No.: 044 - 28460129 E-mail : investor@cameoindia.com

**DECLARATION BY MANAGING DIRECTOR ON CODE OF CONDUCT UNDER SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2016.

for **Kothari Sugars & Chemicals Limited**

Place: Chennai  
Date: May 27, 2016

**Arjun B.Kothari**  
Managing Director

**CERTIFICATE UNDER REGULATION 17(8) & PART B OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We, Arjun B.Kothari, Managing Director and R.Krishnan, Chief Financial Officer of the Company hereby confirm and certify that:

- a. We have reviewed Financial Statements and Cash Flow Statements for the year ended 31st March 2016 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) 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.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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 controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
  - (i) significant changes, if any, in internal control over financial reporting during the year
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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.

Place: Chennai

Date: May 27, 2016

**Arjun B. Kothari**

Managing Director

**R.Krishnan**

Chief Financial Officer

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE****To the Members of Kothari Sugars & Chemicals Limited**

We have examined the compliance of conditions of Corporate Governance by Kothari Sugars & Chemicals Limited, for the year ended March 31, 2016 as stipulated under SEBI Listing Regulations, 2015 of the said company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation 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 SEBI Listing Regulations, 2015.

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

**For M/s.M.Alagar & Associates**

**M. Alagar**

Practising Company Secretary  
FCS No. 7488 / C P No. 8196

Place: Chennai

Date: May 27, 2016



**INDEPENDENT AUDITORS' REPORT**

To

**The Members of Kothari Sugars and Chemicals Limited**

**REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying Standalone Financial Statements of Kothari Sugars and Chemicals Limited, (the "Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Management and 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 the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**OPINION**

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that 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 the Annexure "A" a statement on the matters specified in the Paragraphs 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 sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
  - 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".
  - 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:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 30 of the financial statements;
    - ii. the Company did not have any long-term contracts, including derivative contracts; and
    - iii. there has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

**For R.Subramanian and Company**  
Chartered Accountants  
Firm's No. 004137S

**N. Krishnamurthy**  
Partner  
M.No: 019339

Place : Chennai  
Date : 27th May 2016

**Annexure "A" to the Independent Auditors' Report of even date on the Financial Statements of Kothari Sugars and Chemicals Limited.**

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- iii. The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of, investments, made by the Company. The company has not provided any loans or guarantee or security to any company covered under Section 185.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained. We are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- vii. According to the information and explanations given to us in respect of Statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
  - (b) Details of dues of various taxes which have not been deposited as on 31st March 2016 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount Rs. in Lacs	Forum where the dispute is pending	Period to which the due belong
Central Excise Act, 1944	Excise Duty	78.69	CESTAT	1993-94 to 1996-97, 2003-04, 2006-07
Central Excise Act, 1944	Excise Duty	16.43	Assistant Commissioner. Central Excise	1996-97, 2010-11, 2014-15
Central Excise Act, 1944	Excise Duty	438.36	Joint / Assistant Commissioner Central Excise	2003-04 to 2011-12
Central Excise Act, 1944	Excise Duty	17.04	High Court Madras	1995-96, 1998-99, 1999-2000, 2002-03
Central Excise Act, 1944	Excise Duty	128.19	Supreme Court	1995-96 to 1998-99
Finance Act, 1994	Service Tax	1.32	CESTAT	2011-12
Tamilnadu Tax on Consumption or sale of Electricity Act, 2003	Electricity Consumption Tax	587.57	Supreme Court	2009-10 to 2011-12

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to financial institutions, banks, Government or dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed from the banks have been utilized for the purpose for which it was raised.
- x. In our opinion and according to the information and explanations given to us no fraud by the Company or any fraud on the Company by its Officers or employees has been noticed or reported during the year.
- xi. The company has not paid any managerial remuneration and hence the provisions of section 197, read with Schedule V to the Companies Act are not applicable.
- xii. The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- xiii. In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. In our opinion and 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.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **R.Subramanian and Company**  
 Chartered Accountants  
 Firm's No. 004137S

**N. Krishnamurthy**  
 Partner  
 M.No: 019339

Place : Chennai  
 Date : 27th May 2016

**Annexure – “B” to the Auditors’ Report of even date on the Standalone Financial Statement of Kothari sugars and Chemicals Limited**

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

We have audited the internal financial controls over financial reporting of Kothari sugars and Chemicals Limited as of 31<sup>st</sup> March 2016 in conjunction with our audit of the standalone 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.

**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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

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 controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, 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

For **R.Subramanian and Company**  
Chartered Accountants  
Firm’s No. 004137S

**N. Krishnamurthy**  
Partner  
M. No: 019339

Place : Chennai  
Date : 27th May 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2016**

₹ in lakhs

	Particulars	Note No.	As at 31.03.2016		As at 31.03.2015	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
1)	Shareholders' funds					
a)	Share Capital	2	8,376.36		8,726.36	
b)	Reserves and surplus	3	3,498.46		3,380.74	
				11,874.82		12,107.10
2)	Non-Current liabilities					
a)	Long-term borrowings	4	9,220.99		10,689.83	
b)	Deferred tax liabilities (Net)	5	2,343.57		2,187.30	
c)	Other Long term liabilities	6	844.53		986.08	
				12,409.09		13,863.21
3)	<b>Current liabilities</b>					
a)	Short-term borrowings	7	4,531.79		4,208.12	
b)	Trade payables	8	2,959.42		3,239.06	
c)	Other current liabilities	9	4,950.21		2,316.81	
d)	Short-term provisions	10	88.23		75.34	
				12,529.65		9,839.33
	<b>TOTAL</b>			36,813.56		35,809.64
<b>II</b>	<b>ASSETS</b>					
1)	<b>Non-current assets</b>					
a)	Fixed assets	11				
i)	Tangible assets		19,479.26		20,900.78	
ii)	Intangible assets		1.70		1.70	
iii)	Capital work-in-progress		1.01		0.57	
b)	Non-current investments	12	29.05		29.04	
c)	Long-term loans and advances	13	580.36		456.86	
d)	Other non-current assets	14	60.59		40.28	
				20,151.97		21,429.23
2)	<b>Current assets</b>					
a)	Current investments	15	1,754.06		1,807.12	
b)	Inventories	16	11,616.94		9,934.66	
c)	Trade receivables	17	928.42		818.46	
d)	Cash and bank balances	18	1,657.11		870.04	
e)	Short-term loans and advances	19	567.74		512.77	
f)	Other current assets	20	137.32		437.36	
				16,661.59		14,380.41
	<b>TOTAL</b>			36,813.56		35,809.64
	<b>Significant Accounting Policies &amp; notes to accounts</b>	1-41				

For and on behalf of the Board

for R.Subramanian and Company  
Chartered AccountantsArjun B Kothari  
Managing DirectorP.S.Gopalakrishnan  
DirectorN.Krishnamurthy  
PartnerPlace : Chennai  
Date : May 27, 2016R.Prakash  
Company SecretaryR.Krishnan  
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

₹ in lakhs

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
I	Revenue from Operations (Gross)	21	<b>25,418.57</b>	34,778.26
	Less:Excise Duty		<b>760.99</b>	781.51
	<b>Revenue from operations (net)</b>		<b>24,657.58</b>	33,996.75
II	Other Income	22	<b>667.83</b>	1,134.18
III	<b>Total Revenue (I+II)</b>		<b>25,325.41</b>	35,130.93
IV	<b>Expenses:</b>			
	(a) Cost of materials consumed	23	<b>19,672.21</b>	26,010.79
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	<b>(1,683.75)</b>	539.11
	(c) Employee benefits expense	25	<b>1,564.66</b>	1,687.53
	(d) Finance costs	26	<b>708.59</b>	508.46
	(e) Depreciation and amortization expenses	27	<b>1,463.70</b>	1,598.01
	(f) Other expenses	28	<b>3,323.42</b>	4,821.66
	<b>Total Expenses</b>		<b>25,048.83</b>	35,165.56
V	Profit before exceptional and extraordinary items and tax (III-IV)		<b>276.57</b>	(34.63)
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		<b>276.57</b>	(34.63)
VIII	Less : Tax expense			
	(a) Tax expense of current year		<b>2.58</b>	-
	(b) Tax expenses of earlier years written off		-	424.54
	(c) Deferred tax		<b>156.27</b>	(5.28)
			<b>158.85</b>	419.26
IX	Profit for the year (VII-VIII)		<b>117.72</b>	(453.89)
X	Earnings per equity share:			
	1) Basic		<b>0.14</b>	(0.55)
	2) Diluted		<b>0.14</b>	(0.55)
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1-41		

For and on behalf of the Board

As per our Report of even date

**for R.Subramanian and Company**  
Chartered Accountants

**Arjun B Kothari**  
Managing Director

**P.S.Gopalakrishnan**  
Director

**N.Krishnamurthy**  
Partner

Place : Chennai  
Date : May 27, 2016

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

₹ in lakhs

	Particulars	As at 31.03.2016		As at 31.03.2015	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit / ( Loss) before tax		276.57		(34.63)
	Adjustments for :				
	Depreciation	1,463.70		1,598.01	
	Interest Income	(89.49)		(83.66)	
	Dividend Income from Associate	(240.38)		(120.19)	
	Bad Debts	3.02		138.56	
	Liability no longer required written back	(95.52)		(450.34)	
	Provision for Compensated absences	35.79		23.30	
	Finance Cost - Interest	659.11		486.47	
	Provision for Diminution / (accretion) in value of Investments	7.46		(36.30)	
	Profit on Sale of assets (Vehicles)	(1.71)		-	
	Loss / (Gain) on sale of Investments	(64.47)		(97.87)	
	Income from Mutual Fund Investment	(47.37)		(67.93)	
			1,630.14		1,390.05
	<b>Operating Profit before Working Capital changes</b>		1,906.71		1,355.42
	(Increase) / Decrease in Trade Receivables	(112.98)		367.75	
	(Increase) / Decrease in Other Receivables	97.56		344.27	
	(Increase) / Decrease in Inventories	(1,682.28)		305.15	
	Increase / (Decrease) in Trade and Other Payables	2,282.24		(3,535.76)	
			584.54		(2,518.59)
	<b>Cash Generation from Operations</b>		2,491.25		(1,163.17)
	<b>Less: Income Tax Paid</b>		9.71		115.00
	<b>Net Cash Generation from Operating Activities - (A)</b>		2,481.54		(1,278.17)
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Capital Expenditure		(43.86)		(56.48)
	Proceeds from sale of Investments (net)		45.59		(216.37)
	Interest Received		89.49		83.66
	Dividend Income from Associate		240.38		120.19
	Consideration for Sale of Fixed assets		2.95		-
	(Loss) / Gain on sale of Investments		64.47		97.87
	Income from Mutual Fund Investment		47.37		67.93
	<b>Net Cash from Investing activities - (B)</b>		446.40		96.80
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Redemption of Preference Share Capital		(350.00)		(287.50)
	Proceeds from Term loan Borrowings		2,148.00		540.00
	Proceeds/(Repayment) of short term borrowings		323.68		3,807.28
	Repayment of Term loan Borrowings		(3,616.84)		(1,301.61)
	Dividend paid		-		(414.44)
	Dividend Distribution tax paid		-		(70.43)
	Interest paid		(659.11)		(486.47)
	<b>Net Cash used in Financing activities - (C)</b>		(2,154.28)		1,786.83
	Net Increase / (Decrease) in Cash and		773.67		605.45
	Cash equivalents A+B+C				
	Cash and Cash equivalents at the beginning of the year		710.03		104.58
	Cash and Cash equivalents at the close of the year (Ref.Note 18)		1,483.70		710.03
			(773.67)		(605.45)

For and on behalf of the Board

This is the Cash Flow Statement referred to in our report of even date

for R.Subramanian and Company  
Chartered Accountants

Arjun B Kothari  
Managing Director

P.S.Gopalakrishnan  
Director

N.Krishnamurthy  
Partner

Place : Chennai  
Date : May 27, 2016

R.Prakash  
Company Secretary

R.Krishnan  
Chief Financial Officer

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note 1**
**CORPORATE OVERVIEW**

Kothari Sugars and Chemicals Limited (referred to as "KSCL" or the "Company") are the Manufacturers of Sugar, Alcohol and Power generation having units at Kattur and Sathamangalam, Tamilnadu.

Parvathi Trading & Finance Co.Pvt.Ltd.owns 70.20% of the Company's equity share capital and hence its holding Company.

**SIGNIFICANT ACCOUNTING POLICIES**
**(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the Act 1956"), as applicable. The statements have been prepared on accrual 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.

**(b) USE OF ESTIMATES**

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financials and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes different from the estimates.

**(c) TANGIBLE / INTANGIBLE ASSETS AND DEPRECIATION**

- (i) Fixed assets are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production.
- (ii) Depreciation on tangible fixed assets acquired after 01st April 2014 are provided under straight line method based on the useful life of the assets and in accordance with Schedule II to the Companies Act, 2013 and reckoning the maximum residual value @ 5% of the original cost of the asset. Assets acquired prior to 01st April 2014, the carrying amount as on 01st April 2014 is depreciated over the remaining useful life of the asset. In respect of assets costing up to Rs.5,000/- the Company has fully depreciated considering the materiality aspect in the year of acquisition.
- (iii) Intangible assets are amortized equally over their estimated useful life not exceeding 5 years.

**(d) FOREIGN CURRENCY TRANSACTION**

Transactions in foreign exchange are initially recognized at the rates prevailing on the date of transaction. All monetary assets and liabilities are restated at balance sheet date using year end closing rate. Resultant exchange difference is recognized as income or expense in the year in which they arise.

**(e) INVESTMENTS**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current Investments are carried at the lower of cost and Fair Value.

**(f) INVENTORIES**

- i) Raw Materials and Stores and Spares are valued at weighted average cost.
- ii) Finished Stocks are valued at cost (including applicable overheads and Excise Duty) or net realizable values whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale.
- iii) Work-in-Process value is derived from the value of finished goods less estimated cost of work still to be completed.
- iv) Modvat / Cenvat / Service Tax credits on materials / services / capital items are availed on purchases / installation of assets respectively and utilized for payment of excise duty on goods manufactured and the unutilized credit is carried forward in the books.

**(g) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank, demand deposits with banks.

**(h) REVENUE RECOGNITION**

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii) Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are disclosed net of Value Added Tax (VAT), trade discounts and returns as applicable. Excise Duty recovery from customer is deducted from turnover (gross). The excise duty differential between closing and opening stocks of excisable goods is included under "Change in inventories"
- (iii) Revenue from services is recognized (net of service tax, as applicable) pro-rata over the period of the contract as and when services are rendered.
- (iv) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the Company's right to receive dividend is established by the Balance Sheet date.

**(i) EMPLOYEE BENEFITS****Defined Contribution Plans**

The Company makes Provident fund and Superannuation contributions to defined contribution retirement benefit plans for qualifying employees. Under the Provident Fund scheme, the Company is required to contribute a specified percentage of payroll cost to the Employees Provident Fund Scheme, 1952 to fund the benefits. The interest as declared by the Government from time to time accrues to the credit of the employees under the scheme. Under the Superannuation scheme, the company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make the settlement to the qualifying employees.

**Defined benefit plans**

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Liability for unavailed leave for a section of the workmen for whom it is considered as a long term benefit is actuarially valued and provided for but is not funded. Liability for unavailed leave for other employees considered as short term benefits and provided accordingly in the books of accounts.

**(j) RESEARCH AND DEVELOPMENT**

Research and Development expenditure, other than capital, as and when incurred are charged to revenue.

**(k) SEGMENT REPORTING**

The accounting policies adopted for segmental reporting are in line with the accounting policies of the company with the following additional policies:

- i) Inter-segment adjustments are carried out on estimated basis having regard to current trends wherever the actual cost is unascertainable.
- ii) Revenues and expenses have been identified to segments wherever relatable on the basis of their relationship to specific operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not specifically allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses".

**(l) IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss Account in the year in which an asset is identified as impaired, after considering adjustment, if any, already carried out.

**(m) BORROWING COSTS**

Borrowing cost directly attributable to the acquisition and construction of a asset which takes a substantial period of time to get ready for its intended use, are capitalised as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing cost are recognised in the Statement of Profit or Loss in the period they occur. Borrowing cost consists of interest and other costs incurred in connection with borrowing of funds.



**(n) PROVISIONS AND CONTINGENT LIABILITIES**

A provision is created when there is a present obligation as a result of an obligation / event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require immediate outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likely hood of outflow of resources is very remote, no provision or disclosure is made.

**(o) EARNINGS PER SHARE**

The earnings considered in ascertaining earnings per share comprises of the net profit after tax before exceptional items. The number of shares used in computing earnings per share is the weighted average number of shares outstanding during the year. Diluted earning per share comprises of weighted average share considered for deriving basic earnings per share as well as dilutive potential equity shares.

**(p) TAXES ON INCOME**

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provision of Income Tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

**(q) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments made under operating leases are charged to the Statement of Profit and Loss.

In the case of leased tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease Income on such operating leases is recognized in the Statement of Profit and Loss.

**(r) Classification of Current / Non-Current Assets and Liabilities**

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>2</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	13,00,00,000 (P.Y. 13,00,00,000) Equity Shares of Rs 10/- each	13,000.00	13,000.00
	12,00,000 (P.Y. 12,00,000) Redeemable Preference shares of Rs.100/- each	<b>1,200.00</b>	1,200.00
	20,00,000 (P.Y. 20,00,000) Redeemable Preference shares of Rs.10/- each	<b>200.00</b>	200.00
		<b>1,400.00</b>	1,400.00
	<b>Total</b>	<b>14,400.00</b>	14,400.00
	<b>ISSUED SUBSCRIBED AND FULLY PAID-UP</b>		
	<b>Equity Share Capital</b>		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs 10/- each { Of the above the holding company holds 5,81,86,610 shares (previous year 5,81,86,610) }	<b>8,288.86</b>	8,288.86
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	12,00,000 (P.Y.12,00,000) Preference Shares of Rs 100/- each	<b>1,200.00</b>	1,200.00
	Less: Amount paid towards redemption in quarterly installments as per AAIFR Order dated 17.06.2004	<b>1,125.00</b>	825.00
	<b>A</b>	<b>75.00</b>	375.00
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co. Pvt. Ltd.) holds 8,90,000 shares} The redemption is as under: 50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007 and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	20,00,000 (P.Y.20,00,000) Preference Shares of Rs 10/- each held by holding Company (Parvathi Trading & Finance Co. Pvt. Ltd.)	<b>200.00</b>	200.00
	Less: Amount paid towards redemption in quarterly installments as per AAIFR Order dated 17.06.2004	<b>187.50</b>	137.50
	<b>B</b>	<b>12.50</b>	62.50
	These will be redeemed as under: 50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007 and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014.		
	<b>A+B</b>	<b>87.50</b>	437.50
	<b>Total</b>	<b>8,376.36</b>	8,726.36

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	<b>(a) Equity Shares</b>	<b>No. of Shares</b>	
	<b>Reconciliation of Number of Shares</b>		
	Balance at the beginning of the year	8,28,88,580	8,28,88,580
	Balance at the end of the year	8,28,88,580	8,28,88,580
	<b>List of shareholders holding more than 5% of the total number of shares issued by the Company:</b>		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) holds (70.20%) (P.Y.70.20%) of shares.	5,81,86,610	5,81,86,610
	<b>(b) Preference Shares</b>		
	<b>(i) Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.100/-each</b>		
	Balance at the beginning of the year	12,00,000	12,00,000
	Balance at the end of the year	12,00,000	12,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	<b>Holding Company</b>		
	Parvathi Trading & Finance Co. Pvt. Ltd. (74.17%) (PY 74.17%)	8,90,000	8,90,000
	<b>Others</b>		
	Federal Bank (16.67%) (P.Y. 16.67%)	2,00,000	2,00,000
	<b>(ii) Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.10/-each</b>		
	Balance at the beginning of the year	20,00,000	20,00,000
	Balance at the end of the year	20,00,000	20,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) (100%) (P.Y. 100%)	20,00,000	20,00,000
<b>3</b>	<b>Reserves and Surplus</b>	<b>₹ in lakhs</b>	
	<b>Capital Redemption Reserves</b>		
	Opening Balance	962.50	675.00
	Add: On redemption of Preference Shares	350.00	287.00
	<b>Total (A)</b>	<b>1,312.50</b>	<b>962.50</b>
	<b>Debenture Redemption Reserve</b>		
	<b>Total (B)</b>	<b>750.00</b>	<b>750.00</b>
	<b>Surplus in Statement of Profit and Loss</b>		
	Opening Balance	1,668.24	2,409.63
	Add: Profit / (Loss) for the Year	117.72	(453.89)
	<b>Less:</b>		
	Transfer to Capital Redemption Reserve	350.00	287.50
	<b>Total (C)</b>	<b>1,435.96</b>	<b>1,668.24</b>
	<b>Grand Total (A+B+C)</b>	<b>3,498.46</b>	<b>3,380.74</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
4	<b>Long Term Borrowings (Secured)</b>		
	<b>Debentures</b>		
	20,31,018 (P.Y.20,31,018) Zero Coupon Bonds of Rs 100/- each redeemable at par at the end of the 25th year (2029-2030) as per AAIFR order dated 17.06.2004	2,031.02	2,031.02
	Of the above, amount due to the Holding Company Rs.1533.43 Lacs		
	Secured by a first charge on all movable and immovable properties situated in the State of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one single installment. Rate of Interest : Nil		
	<b>Total (a)</b>	2,031.02	2,031.02
	<b>Term Loans from</b>		
	Banks	3,366.95	3,835.45
	Sugar Development Fund	2,378.68	3,379.01
	Holding Company (Parvathi Trading & Finance Co. Pvt. Ltd.)	821.20	821.20
	Others (Ekansha Enterprises Pvt. Ltd.)	623.15	623.15
	<b>Total</b>	7,189.97	8,658.81
	Secured	6,566.82	8,035.66
	Unsecured	623.15	623.15
	<b>Total (b)</b>	7,189.97	8,658.81
	<b>Total (a+b)</b>	9,220.99	10,689.83
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" (Refer Note 9)	3,616.84	1,301.61

**Term Loan from banks**

Term Loan from Indian Bank Rs.1035.64 lacs (P.Y Rs.1249.96 lacs) of which Rs.821.32 lacs under long term borrowings and Rs.214.32 lacs under current maturity. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 58. Rate of Interest 11.15% p.a. Amount of monthly installment Rs.17.86 lacs.

Term Loan from Indian Bank Rs.62.16 lacs (P.Y Rs.93.72 lacs) of which Rs.30.60 lacs under long term borrowings and Rs.31.56 lacs under current maturity. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 24. Rate of Interest 10.90% p.a. Amount of monthly installment Rs.2.63 lacs.

Interest Free Term Loan from Indian Bank Rs.2737.65 lacs (P.Y Rs.2815.87 lacs) under Scheme for Extending Financial Assistance to Sugar units 2014 of which Rs.1799.03 lacs under long term borrowings and Rs.938.62 lacs under current maturity. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 35. Rate of Interest Nil. Amount of monthly installment Rs.78.22 lacs.

Interest Free Term Loan from Indian Bank Rs.2148.00 lacs (P.Y Rs.Nil) under Soft Loan scheme extended by Government of India to Sugar units during 2015 of which Rs.716 lacs under long term borrowings and Rs.1432 lacs under current maturity. Repayment in 2 years with 1 year interest subsidy at 10% and 1 year moratorium towards principal repayment. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 12. Rate of Interest 1.70%. Amount of monthly installment Rs.179 lacs commencing from August 2016.

**Term Loan Sugar Development Fund**

Rs 1026.48 lacs (P.Y.Rs 1283.10 Lacs) of which Rs.769.86 lacs under long term borrowings and Rs.256.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from September 2015 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 4.

Rs 769.86 lacs (P.Y.Rs 1026.48 Lacs) of which Rs.513.24 lacs under long term borrowings and Rs.256.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 3.

Rs.688.09 lacs (P.Y Rs 1032.14 lacs) of which Rs.344.04 lacs under long term borrowings and Rs. 344.05 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur Unit, Tamil Nadu. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018 Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lacs. Balance installments 4.

Rs.58.40 lacs (P.Y 87.60 lacs) of which Rs.29.20 lacs under long term borrowing and Rs.29.20 lacs under current maturity secured by bank Guarantee Repayment in 4 Annual Equal installments starting from April 2014 to April 2017. Balance installments 2. Rate of Interest 4% p.a. Amount of each installment Rs.29.20 lacs.

Rs 136.40 lacs (P.Y year Rs.204.59 lacs) of which Rs.68.20 lacs under long term borrowing and Rs.68.20 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments 2. Rate of Interest 4% p.a. Amount of each installment Rs.68.20 lacs.

Rs 159.78 lacs (P.Y year Rs.182.61 lacs) of which Rs.114.13 lacs under long term borrowing and Rs.45.65 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 7 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs.22.83 lacs.

Rs 297 lacs (P.Y year Rs.297 lacs) of which Rs.297 lacs under long term borrowing and Rs.Nil under current maturity. Repayment 8 half yearly installments starting from June 2017 to December 2020. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.37.12 lacs

Rs 243 lacs (P.Y year Rs.243 lacs) of which Rs.243 lacs under long term borrowing and Rs.Nil under current maturity. Repayment 8 half yearly installments starting from January 2018 to July 2021. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.30.38 lacs.

**Term Loan From Holding Company (Parvathi Trading & Finance Co.Pvt.Ltd.)**

Rs 821.20 lacs (P.Y Rs 821.20 lacs). Secured by Hypothecation of Movable properties including plant and machinery and Inventories situated at Kattur unit, Tamil Nadu. Payable in June 2029. Rate of Interest – Nil. No. of installment 1.

**Term Loan From Others (Ekansha Enterprises Pvt.Ltd.) (Unsecured)**

Rs 623.15 lacs (P.Y Rs.623.15 lacs) payable in June 2029. Rate of Interest – Nil. No. installment 1

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>5</b>	<b>Deferred Tax Liability / (Asset)</b>		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	3,473.36	3,251.33
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(34.70)	(21.82)
	Provision for Diminution in value of current investments	(23.90)	(19.97)
	Carry Forward Depreciation loss	(1,071.19)	(1,022.24)
	Deferred Tax Liability (Net)	<b>Total</b>	<b>Total</b>
		2,343.57	2,187.30
<b>6</b>	<b>Other Long-term Liabilities</b>		
	Trade payables	11.34	7.97
	Advances from Customers	-	10.84
	Gratuity	16.15	37.34
	Compensated absences	6.59	6.71
	Interest accrued but not due on Loans	779.14	897.22
	Other payables and Deposits	31.31	26.00
	<b>Total</b>	<b>844.53</b>	<b>986.07</b>
	<b>Current Liabilities</b>		
<b>7</b>	<b>Short-Term Borrowings - Secured</b>		
	Loans repayable on demand From banks*	4,531.79	4,208.12
		4,531.79	4,208.12
	*Cash Credit from Indian Bank for Rs 4531.79 lacs (Previous year Rs.4208.12 Lacs ) is secured by exclusive first charge on land ,Buildings and Plant and Machinery and all the movable properties (present and future ) of the Sathamangalam sugar and cogeneration Unit.		
<b>8</b>	<b>Trade Payables</b>	2,959.42	3,239.06
		2,959.42	3,239.06
<b>9</b>	<b>Other Current Liabilities</b>		
	Current maturity of long term debt	3,616.84	1,301.61
	Current maturity of Interest accrued but not due on borrowings	14.98	16.82
	Statutory Remittances	219.15	208.63
	Advances from Customers	63.11	25.46
	Others (Excise duty, Salaries etc.)	1,036.13	764.29
	<b>Total</b>	<b>4,950.21</b>	<b>2,316.81</b>
<b>10</b>	<b>Short- term Provisions</b>		
	Provision for employee benefits		
	Gratuity	4.59	8.81
	Superannuation	6.15	5.96
	Compensated absences	35.79	23.30
	Bonus & Exgratia	41.70	37.27
		88.23	75.34

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**11. Fixed Assets**

₹ in lakhs

Particulars	Gross Block			Depreciation			Net Block	
	As at 01.04.2015	Additions	Disposals	As at 31.03.2016	For the Year	Deductions	As at 31.03.2016	As at 31.03.2015
<b>(i) Tangible Assets</b>								
Land	364.34	11.83	-	376.17		-	376.17	364.34
Buildings	4,455.69	0.80		4,456.49	264.59	-	2,720.44	2,984.23
Plant and Equipment	34,446.49	22.09		34,468.58	1,121.39	-	16,062.74	17,162.04
Furniture and Fixtures	247.71			247.71	18.53	-	26.42	44.95
Vehicles	527.36	8.70	13.34	522.72	59.19	12.10	293.49	345.22
<b>Total</b>	<b>40,041.59</b>	<b>43.42</b>	<b>13.34</b>	<b>40,071.67</b>	<b>1,463.70</b>	<b>12.10</b>	<b>19,479.26</b>	<b>20,900.78</b>
<b>Previous year</b>	39,435.95	605.64	-	40,041.59	1,593.29	-	20,900.78	21,888.43
<b>(ii) Intangible assets</b>								
Computer Software	33.98	-	-	33.98		-	1.70	1.70
<b>Total</b>	<b>33.98</b>	<b>-</b>	<b>-</b>	<b>33.98</b>	<b>-</b>	<b>-</b>	<b>1.70</b>	<b>1.70</b>
<b>Previous year</b>	33.98		-	33.98	4.72	-	1.70	6.42

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>12</b>	<b>Non-Current Investments</b>		
	Non-Trading Investments	1,309.65	1,309.64
	Less : Provision for Diminution	1,280.60	1,280.60
	[Refer Note no 15 (a)]		
	<b>Total</b>	<b>29.05</b>	<b>29.04</b>
	Investments in Equity instruments	28.99	28.99
	Investments others	0.06	0.06
	<b>Total</b>	<b>29.05</b>	<b>29.05</b>
<b>13</b>	<b>Long Term Loans And Advances</b>		
	Security deposits		
	Others (Electricity, Caution, Rental etc.) (Unsecured, considered good)	326.57	210.83
	Loans and advances to related parties		
	Doubtful {includes subsidiary of Rs. Nil (PY Rs.55.51 lacs)}	21.22	76.73
		347.79	287.56
	Less: Provision for doubtful loans and advances	21.22	76.73
	<b>Total (a)</b>	<b>326.57</b>	<b>210.83</b>
	Other loans and advances - Income Tax net of provision respectively.	<b>Total (b)</b>	<b>246.03</b>
		<b>580.36</b>	<b>456.86</b>
	<b>Total (a+b)</b>		
<b>14</b>	<b>Other Non-Current Assets</b>		
	Advance to Suppliers	0.84	0.63
	Others (Interest on bonds, Subsidy etc.)	59.75	39.65
		<b>60.59</b>	<b>40.28</b>
<b>15</b>	<b>CURRENT ASSETS</b>		
	<u>Current Investments</u>		
	Investments in Equity instruments	110.03	110.03
	Investments in Mutual funds	1,120.18	678.83
	Investments in Bonds/Debentures	592.87	1,079.83
	Less : Provision for Diminution	69.02	61.56
	[Refer Note no 15 (b)]		
	Refer note 1 (e) for method of valuation		
	<b>Total</b>	<b>1,754.06</b>	<b>1,807.12</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.16 Qty.	As at 31.03.15 Qty.	Investment	Category	As at 31.03.16	As at 31.03.15
<b>Note - 15 (a)</b>		<b>NON-CURRENT INVESTMENT AT COST</b>			
1,20,19,000	1,20,19,000	<b>Associate Companies - Equities (Fully paid up)-Quoted</b> KOTHARI PETROCHEMICALS LTD. OF RS.10 EACH Less: Diminution in Value of Investments  Total	Non-Trading	1,201.90 (1,178.60) 23.30	1,201.90 (1,178.60) 23.30
5,000	5,000	<b>Equities - Others (Fully paid up) - Quoted</b> GUJARAT PETROSYNTHESIS LTD ( Rs.10 EACH) Less: Diminution in Value of Investments  Total	Non-Trading	2.50 (2.00) 0.50	2.50 (2.00) 0.50
50,000	50,000	<b>Equities - Others (Fully paid up) - Unquoted</b> BIO- TECH CONSORTIUM LTD (Rs.10 EACH)	Non-Trading	5.00	5.00
2,086	2,086	<b>Equities - Others (Fully paid up)-Unquoted</b> KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES CO-OPERATIVE SOCIETY LTD OF Rs.10/- EACH.	Non-Trading	0.20	0.20
		<b>Government Securities</b> INDIRA VIKAS PATRA	Non-Trading	0.05	0.06
9,99,950	9,99,950	<b>Subsidiary Companies -Equities (Fully paid up) Unquoted</b> KOTHARI INTERNATIONAL TRADING LTD - RS.10 EACH Less: Diminution in Value of Investments  Total	Non-Trading	99.99 (99.99) -	99.97 (99.99) (0.02)
20	20	<b>Joint control Companies - Equities (Fully paid up)-Unquoted</b> KOTHARI BIO- TECH LTD - RS.10 EACH Less: Diminution in Value of Investments  Total	Non-Trading	0.003 (0.002) 0.001	0.003 (0.002) 0.001
		TOTAL Non-Current Investment (Net)		29.05	29.04
		<b>Aggregate of :</b> <b>Quoted non-current investments at cost</b> Market Value of Quoted non-current Investments Unquoted non-current investments at cost Provision for diminution in value of investments		23.80 2,194.20 5.25 1,280.60	23.80 1,430.98 5.24 1,280.60
<b>Note - 15 (b)</b>		<b>CURRENT INVESTMENT AT COST</b> (Valued at lower of cost and market value)			
		<b>Investment in Mutual Funds (Quoted)</b>			
-	86,881	SUNDARAM INFRASTRUCTURE ADVANTAGE FUND	Trading	-	14.73
52,604	52,604	SBI MAGNUM COMMA FUND	Trading	10.00	10.00
93,528	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	25.00	25.00
-	28,496	BIRLA SUN LIFE FLOATING RATE FUND STP	Trading	-	53.00
-	30,60,073	IDFC DYNAMIC BOND FUND	Trading	-	526.08
-	5,00,000	HDFC FMP	Trading	-	50.00
48,424	-	BIRLA SUN LIFE CASH PLUS	Trading	117.71	-
50,98,663	-	IDFC DYNAMIC BOND FUND	Trading	560.44	-
3,154	-	RELIANCE LIQUID FUND - CASH PLAN	Trading	77.03	-
20,00,000	-	HDFC FMP 1107D	Trading	200.00	-
13,00,000	-	RELIANCE FIXED HORIZON FUND	Trading	130.00	-
		<b>Total Current Investments at cost</b>		1,120.18	678.82
		<b>Less: Provision for diminution in value of Investments</b>		9.99	6.02
		<b>Net Current Investments</b>		1,110.19	672.80

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.16 Qty.	As at 31.03.15 Qty.	Investment	Category	As at 31.03.16	As at 31.03.15
		<b><u>Equity - Others (Fully Paid) Quoted</u></b>			
2,500	2,500	BHARAT HEAVY ELECTRICALS LIMITED (Rs. 2 EACH)	Trading	10.86	10.86
290	290	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	1.97	1.97
4,600	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	2.86	2.86
1,000	1,000	IDFC Ltd. ( Rs. 10 EACH)	Trading	2.11	2.11
1,000	1,000	INDIAN HOTELS ( Re. 1 EACH)	Trading	1.26	1.26
5,000	5,000	RELIANCE COMMUNICATIONS LIMITED (Rs. 5 EACH)	Trading	20.34	20.34
2,350	2,350	RELIANCE INDUSTRIES LTD ( Rs. 10 EACH)	Trading	26.44	26.44
450	450	RELIANCE INFRASTRUCTURE LIMITED (Rs. 10 EACH)	Trading	4.42	4.42
4,375	4,375	RELIANCE POWER LTD ( Rs. 10 EACH)	Trading	12.37	12.37
1,800	1,800	SINTEX INDUSTRIES LIMITED (Re.1 EACH)	Trading	3.20	3.20
19,380	19,380	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	24.19	24.19
		<b>Total Current Investments at cost</b>		<b>110.03</b>	<b>110.03</b>
		<b>Less: Provision for diminution in value of Investments</b>		<b>59.03</b>	<b>55.54</b>
		<b>Net Current Investments</b>		<b>51.00</b>	<b>54.49</b>
		<b>Investment in NCD / Bonds (Quoted)</b>			
30	30	TATA MOTORS FINANCE LIMITED	Trading	300.00	300.00
10,000	10,000	IFCI LIMITED	Trading	100.00	100.00
-	4,86,958	L&T FINANCE HOLDINGS LIMITED	Trading	-	486.96
1,500	1,500	NABARD	Trading	192.87	192.87
		<b>Total</b>		<b>592.87</b>	<b>1,079.83</b>
		<b>Aggregate of :</b>			
		<b>Current investments at cost (Quoted)</b>		<b>1,823.08</b>	<b>1,868.68</b>
		Market Value current investements (Quoted)		<b>1,754.06</b>	<b>1,807.12</b>
		Dimunition in value of current investments		<b>69.02</b>	<b>61.56</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>16</b>	<b>Inventories</b>		
	Raw materials and packing materials	146.13	143.87
	Work in progress	411.00	315.84
	Finished goods	10,391.21	8,554.02
	Stores and spares	668.60	920.93
	<b>Total</b>	<b>11,616.94</b>	<b>9,934.66</b>
	<b>Refer note 1(f) for method of valuation</b>		
<b>17</b>	<b>Trade Receivables</b>		
	(Unsecured, Considered good)		
	For a period exceeding six months	80.78	80.70
	Others	847.64	737.76
	<b>Total</b>	<b>928.42</b>	<b>818.46</b>
<b>18</b>	<b>Cash and bank balances</b>		
	Cash on Hand	1.70	1.80
	Balances with Bank - In current accounts	386.37	673.78
	Fixed Deposit with Banks	1,095.62	34.45
	<b>Total (a)</b>	<b>1,483.70</b>	<b>710.03</b>
	<b>Other Bank Balances</b>		
	Balances held as margin money or security against borrowings, guarantees and other commitments	168.98	155.50
	Unpaid Dividend- Held in separate Bank account	4.43	4.51
	<b>Total (b)</b>	<b>173.41</b>	<b>160.01</b>
	<b>Total (a+b)</b>	<b>1,657.11</b>	<b>870.04</b>
<b>19</b>	<b>Short Term Loans And Advances</b>		
	<b>(Unsecured and considered good)</b>		
	Balances with government authorities		
	CENVAT credit receivable	219.55	181.70
	Service Tax credit receivable	15.54	14.51
	VAT credit receivable	4.33	1.99
	Others (Balance with State excise/PLA etc.)	6.12	2.39
	Prepaid Expenses	72.80	104.54
	Advance to Suppliers	91.82	83.73
	Other loans and advances (Employee advances etc.)	147.13	123.91
	Others (Related party - considered good)	10.45	-
	<b>Total</b>	<b>567.74</b>	<b>512.77</b>
<b>20</b>	<b>Other Current Assets</b>		
	Other Receivables (Interest accrued on NCD, recovery from Ryots)	137.32	437.36
	<b>Total</b>	<b>137.32</b>	<b>437.36</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>21</b>	<b>Revenue from Operations</b>		
	Sale of products		
	Sugar	17,609.45	22,959.98
	Industrial Alcohol	6,205.71	8,092.25
	Electric Power	1,150.78	1,365.73
	Bagasse	87.48	1,866.61
	Others (Biocompost, CO <sub>2</sub> , cane inputs etc.)	244.49	282.77
	Other Operating revenues	120.66	210.93
	<b>Total</b>	<b>25,418.57</b>	<b>34,778.27</b>
<b>22</b>	<b>Other Income</b>		
	Interest Income		
	- From Bank Deposits	77.35	69.93
	- Others (TNEB etc.)	12.14	13.73
	Dividend Income from Current Investments		
	- Others (Shares & Mutual funds)	47.37	67.93
	Dividend Income from Associate	240.38	120.19
	Net gain on sale of current investments	64.47	97.87
	Other Non-Operating Income		
	- Other Miscellaneous income	94.69	252.37
	- Rental Income	34.20	25.51
	- Profit on sale of assets	1.71	-
	- Accretion in value of investments	-	36.30
	- Liability no longer required written back	95.52	450.34
	<b>Total</b>	<b>667.83</b>	<b>1,134.17</b>
	<b>EXPENSES</b>		
<b>23</b>	<b>Cost of Materials Consumed</b>		
	Raw Material		
	Sugarcane	17,389.39	22,128.92
	Coal	1.63	781.30
	Others (Molasses, Bagasse etc.)	1,584.02	2,208.80
	Chemical and others	334.83	373.98
	Packing	362.34	517.79
	<b>Total</b>	<b>19,672.21</b>	<b>26,010.79</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>24</b>	<b>Changes in Inventories of Finished Goods, Work-in-progress</b>		
	<b>Opening Stock</b>		
	Finished Goods		
	Sugar	7,582.50	8,304.50
	Molasses	771.93	187.77
	Industrial Alcohol	199.58	353.25
	Work in progress		
	Sugar	304.12	424.32
	Molasses	11.72	13.90
	<b>Total (a)</b>	<b>8,869.85</b>	<b>9,283.75</b>
	<b>Closing Stock</b>		
	Finished Goods		
	Sugar	9,414.25	7,582.50
	Molasses	662.74	771.93
	Industrial Alcohol	314.22	199.58
	Work in progress		
	Sugar	399.08	304.12
	Molasses	11.91	11.72
	<b>Total (b)</b>	<b>10,802.20</b>	<b>8,869.85</b>
	(Increase) / Decrease over the previous year	<b>Total (a-b)</b>	<b>(1,932.35)</b>
	<b>Add:</b> Decrease in Sugar (Boughout)	-	17.18
	<b>Add:</b> Excise duty adjustment for movement in Finished goods inventory	248.60	108.03
	<b>Net change (Increase) / Decrease</b>	<b>Total</b>	<b>(1,683.75)</b>
<b>25</b>	<b>Employee Benefits Expense</b>		
	Salaries and Wages	1,369.94	1,449.55
	Contribution to Provident and Other Funds	119.92	160.52
	Staff Welfare Expenses	74.80	77.46
	<b>Total</b>	<b>1,564.66</b>	<b>1,687.53</b>
<b>26</b>	<b>Finance Cost</b>		
	Interest Expense	659.11	486.47
	Other Borrowing Costs	49.48	21.99
	<b>Total</b>	<b>708.59</b>	<b>508.46</b>
<b>27</b>	<b>Depreciation and amortization expense</b>	1,463.70	1,598.01

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>28</b>	<b>Other Expenses</b>		
	Consumption of stores and spare parts	671.46	1,151.47
	Power and Fuel	746.83	884.79
	Rent	19.72	23.89
	Repairs-Buildings	70.93	110.48
	Repairs to Machinery	298.39	418.20
	Repairs to Others	68.32	81.11
	Biocompost	80.02	85.97
	Insurance	82.21	84.25
	Rates and Taxes	152.72	147.26
	Excise duty expunged	379.75	493.44
	Freight & Clearing Expenses	242.50	563.80
	Directors Sitting fees	5.45	3.57
	Auditor's Remuneration		
	- Statutory Audit	3.50	3.50
	- Limited Audit review	1.20	1.20
	Travelling Expenses	19.60	50.10
	Conveyance	2.33	4.54
	Professional Fees	36.39	36.45
	Commission	22.55	25.52
	Provision for Diminution in value of Investments	7.46	-
	CSR expenditure	15.27	28.43
	Administration Expenses	375.15	447.20
	Bad Debts	3.02	138.56
	Miscellaneous Expenses	18.65	37.92
	<b>Total</b>	<b>3,323.42</b>	<b>4,821.66</b>

**29. Employee Benefits:**

The following table sets forth the status of the unavailed earned leave and Gratuity plan of the Company and the amounts recognized in the Balance sheet and Statement of Profit and loss Account:

**(a) Earned Leave**

₹ in lakhs

Principal Actuarial Assumptions	2015-16	2014-15
Interest rate (Liabilities)	7.80%	7.80%
Rate of return on plan assets wherever applicable	8.75%	8.70%
Mortality table	Indian Assured Lives (2006 – 08)	Indian Assured Lives (2006 – 08)
Resignation rate per annum	2%	2%
Salary escalation rate	6.50%	6.50%
Net Liability Recognized	2015-16	2014-15
Present Value of Obligation	6.58	6.71
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized (Long term)	(6.58)	(6.71)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**(b) Gratuity**

Liability to existing employees of the Company in respect of gratuity is covered under a common insurance policy administered by a trust maintained for the participating enterprises viz. Kothari Sugars and Chemicals Limited (KSCL) and Kothari Petrochemicals Limited (KPL).

The actuarially valued liabilities under the Projected Unit Credit Method for the employees of the participating enterprise of the trust are calculated enterprise wise. The investments available with the underwriter are adjusted in proportion to the liability and the shortfall is provided for in the books of the participating enterprise. Consequently, the actuarial loss / gain if any relating to the other participating enterprise is also borne by every other participating enterprise.

**₹ in lakhs**

Particulars	Gratuity Plan	
	2015-16	2014-15
Basic actuarial assumptions		
Mortality Table:	<b>Indian Assured Lives</b>	Indian Assured Lives
Date of Valuation:	<b>(2006 – 08) Ultimate</b>	(2006 – 08) Ultimate
Rate of Discount (p.a)	<b>31-03-2016</b>	31-03-2015
Rate of Salary Escalation:	<b>7.80%</b>	7.80%
Employee Attrition Rate due to reasons other than death or retirement	<b>6.50%</b>	6.50%
Rate of Return on Plan Assets	<b>2.00%</b>	2.00%
	<b>8.75%</b>	8.70%
<b>Projected benefit obligation at the beginning of the period</b>	<b>346.60</b>	301.32
Current service cost	<b>10.50</b>	77.26
Interest cost	<b>26.18</b>	22.80
Actuarial loss / (gain)	<b>(5.97)</b>	(22.10)
Benefits paid	<b>(50.67)</b>	(32.68)
<b>Projected benefit obligation at the end of the period</b>	<b>326.64</b>	346.60
<b>Amounts recognized</b>		
Projected benefit obligation at the end of the period	<b>326.64</b>	346.60
Fair value of plan assets at end of the period	<b>309.19</b>	307.20
<b>Liability to be recognized</b>	<b>17.45</b>	39.40
<b>Cost for the period</b>		
Current service cost	<b>10.50</b>	77.26
Interest cost	<b>26.18</b>	22.80
Expected return on plan assets	<b>(25.92)</b>	(25.75)
Net actuarial (gain)/loss recognized in the period	<b>(3.90)</b>	(23.97)
<b>Total</b>	<b>6.86</b>	50.34
<b>Less: Share of contribution from Associate Company</b>	<b>(2.26)</b>	(3.69)
<b>Net Cost recognized in Profit &amp; Loss account.</b>	<b>4.60</b>	46.65

**30. Contingent Liabilities: -**
**₹ in lakhs**

	2015-16	2014-15
<b>a) Claims not acknowledged by the Company</b>		
Sales Tax	-	-
Customs	<b>73.39</b>	73.39
Central excise	<b>680.03</b>	679.96
Tangedco (Electricity)		
Generation Tax	<b>587.57</b>	525.39
Tariff revision	<b>452.98</b>	227.86
Electricity tax (Third party sale)	<b>926.79</b>	860.92
Urban Land tax	<b>46.43</b>	44.38
<b>Total</b>	<b>2,767.19</b>	2,411.90

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities.

In the matter of SAP (State Advised Price) The South Indian Sugar Mills Association (SISMA), Tamilnadu has filed a writ petition in the High Court of Madras on behalf of all the private sector sugar mills in the State challenging the power of the State Government to fix the State Advised Price (SAP).

Since the Hon'ble Supreme Court has held in 2004 that SAP is only recommendatory in nature in Tamilnadu. Therefore, the Company does not foresee any adverse impact on the financial position.

**31. Notes Relating to Segment****i) Business Segments**

The Company has considered business segments as the primary segments for disclosure. The business segments are:

Sugar, Power generation and Distillery.

Sugar segment comprises of sugar and molasses, Power segment includes generation of power from bagasse and Distillery segment reflects the manufacture of Extra neutral and Denatured alcohol.

The above segments have been identified taking into account the organization structure as well as the differing risks and returns of these segments

**ii) Geographical Segments**

The geographical segment considered for disclosure is India and Rest of the world. All the manufacturing facilities and sales offices are located in India. Sales to the rest of the world are also serviced by Indian sales offices.

Geographical revenues are segmented based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized .

**iii) Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities.**

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

Refer Separate workings on Segment results-at page no.73

**32. Related Party Disclosures:**

Refer Separate workings on Related Party Transactions-at page no.74

**33. Earnings per Share:**

Particulars	2015-16	2014-15
Net Profit after Tax (Rs. in lakhs)	117.72	(453.89)
No. of Equity Shares of Rs.10/- each	8,28,88,580	8,28,88,580
Earning per Share ( Basic & Diluted) (Rs.)	0.14	(0.55)

**34. Rental Income**

A sum of Rs.34.20 lakhs (Previous Year Rs.25.51 lakhs) has been considered as rental Income from property.

**35. Operating Lease**

A sum of Rs.19.72 lakhs (Previous Year Rs. 23.89 lakhs) has been debited to Rent account, being the rent paid on premises which has been taken on lease.

**36. Foreign Exchange earnings and outgo**

₹ in lakhs

S.No.	Particulars	2015-16	2014-15
(i)	Total Foreign Exchange earned	Nil	Nil
(ii)	Total Foreign Exchange outflow	0.92	15.16



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**37. Value of Imported and Indigenous Raw & Packing materials**

Item	31-03-2016		31-03-2015	
	Quantity (MT)	Value (Rs.in lakhs)	Quantity (MT)	Value (Rs.in lakhs)
Sugarcane	7,10,308	17,389.39	8,89,885	22,128.92
Coal	33.05	1.63	14,123	781.30
Molasses	30,680	1,456.30	39,797	2,067.45
Others	-	824.89	-	1,033.12
Total	-	19,672.21	-	26,010.79
Of the above	-			
-Imported	-	-	-	-
-Indigenous	100%	19,672.21	100%	26,010.79
<b>Total</b>		<b>19,672.21</b>		<b>26,010.79</b>

**38. Amount spent on CSR during the year**

The amount required to be spent on CSR (Corporate Social Responsibility) as calculated in accordance with Sec. 198 of the Companies Act 2013 was Rs.15.27 lakhs.

₹ in lakhs

Particulars	31.03.2016	31.03.2015
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	15.27	28.43
<b>Total</b>	<b>15.27</b>	<b>28.43</b>

**39. Quantitative details relating to Finished Goods.**

₹ in lakhs

Particulars	Unit	31-03-2016	31-03-2015
		Quantity	Quantity
<b>Sugar :</b>			
Opening Stock	Quintals	303,908	265,253
Production		652,915	797,340
Sales		664,235	758,685
Closing Stock		292,588	303,908
<b>Molasses :</b>			
Opening Stock	M.T	26,355	7,950
Production		30,469	41,313
Purchase		30,680	39,797
Sales		-	-
Consumption		65,904	62,705
Closing Stock		21,599	26,355
<b>Power:</b>			
Opening Stock	Kwh	-	-
Production		6,33,91,900	7,47,92,191
Purchase		44,13,592	36,84,423
Sales		3,23,42,446	3,83,26,386
Captive use		3,54,63,046	4,01,50,228
Closing Stock		-	-
<b>Industrial Alcohol :</b>			
Opening Stock	KLs	810	1,991
Production		15,750	15,792
Sales		15,070	16,973
Closing Stock		1,490	810

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 40. Remuneration / Fee paid to Statutory Auditors

Sl. No.	Description of the Service	2015-16	2014-15
(a)	Statutory Audit of Accounts	3.50	3.50
(b)	Limited Audit Review	1.20	1.20
(c)	VAT Audit	0.40	0.40
(d)	Certification - Others	0.05	0.12
	<b>Total</b>	<b>5.15</b>	<b>5.22</b>

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

For and on behalf of the Board

As per our Report of even date  
**for R.Subramanian and Company**  
 Chartered Accountants

**Arjun B Kothari**  
 Managing Director

**P.S.Gopalakrishnan**  
 Director

**N.Krishnamurthy**  
 Partner

Place : Chennai  
 Date : May 27, 2016

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

**Annexure - I : Segment Information (Note - 31)**

- a) Primary segment reporting (by Business Segments)
- (i) The Company has considered business segment as the primary segment for disclosure

These are:

- (i) Sugar
- (ii) Power
- (iii) Distillery

Particulars	Sugar		Power		Distillery		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Segment revenues	19,527.60	25,430.15	2,942.05	5,070.69	6,410.23	8,288.80	28,879.88	38,789.65
Segment results	(1,878.05)	(4,006.96)	(746.88)	(463.74)	2,725.08	4,027.28	100.15	(443.41)
Segment assets	21,302.03	20,147.73	4,624.85	5,190.61	7,140.40	6,986.30	33,067.28	32,324.64
Segment Liabilities	23,180.07	24,154.69	5,371.73	5,654.34	4,415.32	2,959.02	32,967.13	32,768.05
Capital Expenditure	34.43	58.50	4.54	12.34	4.45	534.30	43.41	605.14
Depreciation	676.28	682.10	545.55	645.11	206.29	202.01	1,428.12	1,529.22

₹ in lakhs

**Reconciliation of reportable segments with the financial statements:**

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Total Reportable Segment	28,879.88	38,789.65	100.15	(443.41)	32,324.64	32,768.05	32,967.13	32,768.05	43.41	605.14	1,428.12	1,529.22
Corporate-Unallocated	-	-	(403.50)	(397.20)	6,644.79	6,655.26	9,589.89	6,655.26	-	0.50	35.57	68.79
Inter Segment	(4,222.31)	(4,792.88)	-	-	-	-	-	-	-	-	-	-
Other revenues	667.84	1,134.16	-	-	-	-	-	-	-	-	-	-
Interest (Corporate)	-	-	(0.05)	(4.53)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	421.12	391.26	-	-	-	-	-	-	-	-
Total	25,325.41	35,130.93	117.72	(453.89)	38,969.43	39,423.32	42,557.02	39,423.32	43.41	605.63	1,463.70	1,598.01

**(b) Secondary Segment Information**

₹ in lakhs

Particulars	2015-16		2014-15	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	28,879.88	-	38,789.65	-
2. Carrying amount of Segment Assets	33,067.28	-	32,324.64	-
3. Additions to Fixed / Intangible Assets	43.41	-	605.64	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**Annexure - II: Related Party Disclosures (Note - 32)****Related party disclosures - As identified by the Management and relied upon by the Auditors**

(i) Parties with Significant influence (Direct and Indirect)	Holding Company	Parvathi Trading & Finance Co. Pvt. Ltd.
	Associate	Kothari Petrochemicals Ltd.
	Joint control	Century Foods Pvt. Ltd.
	Joint control	Kothari Safe Deposits Ltd.
	Joint control	Kothari Bio Tech Ltd.
	Regd. Public Trust	HCK Educational and Development Trust
(ii) Key Management Personnel	Wholly owned Subsidiary	Kothari International Trading Limited
	Managing Director	Mr.Arjun B. Kothari (w.e.f. 08.04.2015)
(iii) Relative of Key Management Personnel	Chairperson	Mrs.Nina B. Kothari

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)														
	Parvathi Trading & Finance Co.Pvt. Ltd		Kothari Petrochemicals Limited		Century Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Bio Tech Limited		HCK Educational and Development Trust		Chairperson & Director (Mrs.Nina B Kothari)		Kothari International Trading Limited
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2014-15
Rent	-	-	-	-	17.76	17.76	-	-	-	-	-	-	-	-	-
Electricity charges	-	-	-	-	3.98	4.05	1.27	1.16	-	-	-	-	-	-	-
Travel and other reimbursements	-	-	42.18	42.10	-	-	4.14	5.00	-	-	-	-	-	9.92	-
Other receipts	-	-	126.50	277.40	-	-	-	-	-	-	-	-	-	55.51	37.00
Purchase of water	-	-	-	-	-	-	0.38	-	-	-	-	-	-	-	-
Material purchased	-	-	0.72	0.86	-	-	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	-	-	-	-	1.00	0.19	-
Advance refund	-	-	-	-	-	-	-	-	10.00	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	31.57	-	-	-
CSR expenditure	-	-	-	-	-	-	-	-	-	-	15.27	28.43	-	-	-
Loan Repayment	-	71.11	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances															
Loans and Advances	-	-	-	-	-	-	-	-	21.22	21.22	-	-	-	10.45	55.51
Term Loans	(821.20)	(821.20)	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,533.44)	(1,533.44)	-	-	-	-	-	-	-	-	-	-	-	-	-

## INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To the Members of Kothari Sugars and Chemicals Limited**

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated financial statements of Kothari Sugars and Chemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), its associate which comprise of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is 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 including its associate in accordance with 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. The respective Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of 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 the 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 the Rules made thereunder.

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

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 judgement, 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 reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 other auditors in terms of their reports referred to in the Other Matters, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, 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, of the consolidated state of affairs of the Group, associate as at 31st March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### OTHER MATTERS

We did not audit the financial statements / financial information of Kothari International Trading Limited (subsidiary) whose financial statements reflect total assets of Rs.46.37 Lakhs as at 31st March, 2016, total revenues of Rs. 94.15 Lakhs and net increase in cash flows amounting to Rs.9.15 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Financial Statements also include the Group's share of net profit of Rs.187.59 Lacs for the year ended 31st March 2016, as considered in the financial statements in respect of Kothari Petrochemicals Ltd. (associate) whose financial statements / financial information have been audited by us.

The financial statements / Financial information of the subsidiary company have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1) The Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act with regard to matters specified in paragraphs 3 and 4 of the Order is not applicable to the aforesaid Consolidated Financial Statements.
- 2) 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 purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the 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 the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representation received from the directors of the Holding company as on 31st March 2016 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditor of its subsidiary company and associate company, none of the directors of the group companies, its associates are disqualified as on 31st March 2016 from being appointed as directors in terms of section 164(2) of the Act.
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and its subsidiary and the operating effectiveness of such controls refer to our separate report in Annexure 'A'.
  - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice— Refer Note 30 to the consolidated financial statements.
    - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - (iii) There was no amount required to be transferred, to the Investor Education and Protection Fund by the Group.

For **R.Subramanian and Company**  
Chartered Accountants  
Firms' No. 004137S

Place : Chennai  
Date : 27th May 2016

**N. Krishnamurthy**  
Partner  
M.No: 019339

## Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Kothari Sugars and Chemicals Limited (hereinafter referred to as "the Holding Company") as of 31 March 2016 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 Board of Directors of the of the Holding company and its subsidiary, which are companies incorporated in India are 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.

#### 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group'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 Holding company, its subsidiary Company and its associate Company which are companies incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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.

#### Other Matters

Our aforesaid reports under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far it relates to Kothari International Trading Ltd (Subsidiary) and Kothari Petrochemicals Ltd., which are incorporated in India is based on the corresponding report of the auditors of such companies incorporated in India.

For **R.Subramanian and Company**  
Chartered Accountants  
Firms' No. 004137S

Place : Chennai  
Date : 27th May 2016

**N. Krishnamurthy**  
Partner  
Membership No: 019339

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2016

₹ in lakhs

	Particulars	Note No.	As at 31.03.2016		As at 31.03.2015	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
1)	Shareholders' funds					
	a) Share Capital	2	8,376.36		8,726.36	
	b) Reserves and surplus	3	4,689.44		4,573.66	
				13,065.80		13,300.02
2)	<b>Non-Current liabilities</b>					
	a) Long-term borrowings	4	9,220.99		10,689.83	
	b) Deferred tax liabilities (Net)	5	2,343.57		2,187.30	
	c) Other Long term liabilities	6	856.21		1,004.86	
				12,420.77		13,881.99
3)	<b>Current liabilities</b>					
	a) Short-term borrowings	7	4,531.79		4,208.12	
	b) Trade payables	8	2,959.42		3,239.23	
	c) Other current liabilities	9	4,950.87		2,316.81	
	d) Short-term provisions	10	88.23		75.34	
				12,530.31		9,839.50
				38,016.88		37,021.51
	<b>TOTAL</b>					
<b>II</b>	<b>ASSETS</b>					
1)	<b>Non-current assets</b>					
	a) Fixed assets	11				
	i) Tangible assets		19,479.26		20,900.78	
	ii) Intangible assets		1.70		1.70	
	iii) Capital work-in-progress		1.01		0.57	
	b) Non-current investments	12	1,209.65		1,211.20	
	c) Long-term loans and advances	13	579.58		462.71	
	d) Other non-current assets	14	60.59		40.28	
				21,331.79		22,617.24
2)	<b>Current assets</b>					
	a) Current investments	15	1,754.06		1,807.12	
	b) Inventories	16	11,616.93		9,934.66	
	c) Trade receivables	17	928.42		818.46	
	d) Cash and cash equivalents	18	1,690.12		893.90	
	e) Short-term loans and advances	19	557.29		512.78	
	f) Other current assets	20	138.27		437.35	
				16,685.09		14,404.27
				38,016.88		37,021.51
	<b>TOTAL</b>					
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1-37				

For and on behalf of the Board

for R.Subramanian and Company  
Chartered AccountantsArjun B Kothari  
Managing DirectorP.S.Gopalakrishnan  
DirectorN.Krishnamurthy  
PartnerPlace : Chennai  
Date : May 27, 2016R.Prakash  
Company SecretaryR.Krishnan  
Chief Financial Officer



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016 ₹ in lakhs**

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>I</b>	<b>Revenue from Operations (Gross)</b>	<b>21</b>	<b>25,418.57</b>	<b>34,778.27</b>
	Less: Excise Duty		760.99	781.51
	Revenue from operations (net)		24,657.58	33,996.76
<b>II</b>	<b>Other Income</b>	<b>22</b>	<b>706.48</b>	<b>1,182.09</b>
<b>III</b>	<b>Total Revenue (I+II)</b>		<b>25,364.06</b>	<b>35,178.85</b>
<b>IV</b>	<b>Expenses:</b>			
	(a) Cost of materials consumed	23	19,672.21	26,010.79
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	(1,683.74)	539.11
	(c) Employee benefits expense	25	1,582.09	1,717.69
	(d) Finance costs	26	708.88	508.52
	(e) Depreciation and amortization expenses	27	1,463.70	1,598.01
	(f) Other expenses	28	3,333.66	4,822.81
	<b>Total Expenses</b>		<b>25,076.80</b>	<b>35,196.93</b>
<b>V</b>	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>287.25</b>	<b>(18.08)</b>
<b>VI</b>	<b>Exceptional items</b>		-	-
<b>VII</b>	<b>Profit before tax (V-VI)</b>		<b>287.25</b>	<b>(18.08)</b>
	Add: Share of Profit before exceptional income in Associate		187.59	230.90
<b>VIII</b>	<b>Less : Tax expense</b>			
	(a) Tax expense of current year		15.20	10.20
	(b) Tax expenses of earlier years w/off		-	424.49
	(c) Deferred tax		156.27	(5.28)
			171.47	429.41
<b>IX</b>	<b>Profit for the year (VII-VIII)</b>		<b>303.37</b>	<b>(216.59)</b>
<b>X</b>	<b>Earnings per equity share:</b>			
	1) Basic		0.37	(0.26)
	2) Diluted		0.37	(0.26)
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>1-37</b>		

For and on behalf of the Board

As per the report of even date

for **R.Subramanian and Company**  
Chartered Accountants

**Arjun B Kothari**  
Managing Director

**P.S.Gopalakrishnan**  
Director

**N.Krishnamurthy**  
Partner

Place : Chennai  
Date : May 27, 2016

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016 ₹ in lakhs**

	Particulars	As at 31.03.2016		As at 31.03.2015	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit / ( Loss) before tax (Including share of profits from Associates)		474.84		212.82
	<b>Adjustments for :</b>				
	Depreciation	1,463.70		1,598.01	
	Interest Income	(90.56)		(85.03)	
	Dividend Income from Associate	(240.38)		(120.19)	
	Bad Debts	3.42		138.56	
	Liability no longer required written back	(95.52)		(450.34)	
	Provision for Compensated absences	35.79		8.81	
	Finance Cost - Interest	659.40		486.53	
	Provision for Diminution / (accretion) in value of Investments	7.46		(36.30)	
	Loss on Sale of assets (Vehicles)	(1.71)		-	
	Loss / (Gain) on sale of Investments	(65.87)		(97.87)	
	Income from Mutual Fund Investment	(47.53)		(68.08)	
	Adjustments for reserves - Associate	(187.59)		(230.90)	
			1,440.62		1,143.21
	<b>Operating Profit before Working Capital changes</b>		1,915.46		1,356.03
	(Increase) / Decrease in Trade Receivables	(113.38)		367.75	
	(Increase) / Decrease in Other Receivables	125.87		349.23	
	(Increase) / Decrease in Inventories	(1,682.27)		305.15	
	Increase / (Decrease) in Trade Payables and Other Payables	2,263.02		(3,541.41)	
			593.24		(2,519.28)
	Cash Generation from Operations		2,508.70		(1,163.25)
	Less: Income Tax Paid		21.89		122.14
	Net Cash Generation from Operating Activities - (A)		2,486.81		(1,285.39)
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Capital Expenditure		(43.86)		(56.48)
	Proceeds from sale of Investments (net)		47.15		(216.37)
	Interest Received		90.56		85.03
	Dividend Income from Associate		240.38		120.19
	Consideration for Sale of Fixed assets		2.95		-
	(Loss) / Gain on sale of Investments		65.87		97.87
	Income from Mutual Fund Investment		47.53		68.08
	Net Cash from Investing activities - (B)		450.58		98.32
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Redemption of Preference Share Capital		(350.00)		(287.50)
	Proceeds from Term loan Borrowings		2,148.00		540.00
	Proceeds/(Repayment) from short term borrowings		323.68		3,807.28
	Repayment of Borrowings		(3,616.84)		(1,301.61)
	Dividend paid		-		(414.44)
	Dividend Distribution tax paid		-		(70.43)
	Interest paid		(659.40)		(486.53)
	<b>Net Cash used in Financing activities - (C)</b>		(2,154.56)		1,786.75
	Net Increase / (Decrease) in Cash and Cash equivalents A+B+C		782.82		599.67
	<b>Cash and Cash equivalents at the beginning of the year</b>		733.89		134.22
	<b>Cash and Cash equivalents at the close of the year (Ref.Note 18)</b>		1,516.71		733.89
			(782.82)		(599.67)

For and on behalf of the Board

This is the Cash Flow Statement referred to in our report of even date

for R.Subramanian and Company  
Chartered Accountants

Arjun B Kothari  
Managing Director

P.S.Gopalakrishnan  
Director

N.Krishnamurthy  
Partner

Place : Chennai  
Date : May 27, 2016

R.Prakash  
Company Secretary

R.Krishnan  
Chief Financial Officer

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**NOTE 1**
**CORPORATE INFORMATION**

Kothari Sugars and Chemicals Limited (referred to as “KSCL” or the “Company” or the “Parent”) (CIN L15421TN1960PLC004310) are the Manufacturers of Sugar, Alcohol and power generating units at Kattur and Sathamangalam, Tamilnadu.

Parvathi Trading & Finance Co. Pvt. Ltd. owns 70.20% of the Company's equity share capital and its holding Company. Kothari International limited (the subsidiary) is in the business of export trading and material sourcing. Kothari Petrochemicals Limited (Associate) are manufacturers of Polyisobutene.

**SIGNIFICANT ACCOUNTING POLICIES**
**(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**
**(i) Basis of consolidation and significant accounting policies**

The consolidated financial statements of the Company and its subsidiaries (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act, 1956 (“the Act 1956”), as applicable. The consolidated financial statements have been prepared on accrual 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.

**(ii) Principles of consolidation**

The consolidated financial statements relate to KSCL (the ‘Parent’) and of the consolidated financial statements of its wholly owned subsidiary M/s.Kothari International Trading Limited and its Associate M/s.Kothari Petrochemicals Limited. (Collectively referred to as the ‘Group’). The consolidated financial statements have been prepared on the following basis:

1. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent i.e. 31 March, 2016.
2. The Consolidated Financial Statements of the Company and its subsidiary company have been prepared in accordance with the Accounting Standard 21 (AS-21) “Consolidated Financial Statements”, on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and resulting unrealized profits or losses, unless cost cannot be recovered. In respect of its associate the investor's (KSCL) share of results of operations has been dealt with in the Statement of Profit and Loss Account.
3. Following subsidiary and associate company have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Percentage of holding and voting power	
		As at 31 March, 2016	As at 31 March, 2015
KITL	Subsidiary	100	100
KPL	Associate	20.42	20.42

**(b) USE OF ESTIMATES**

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financials and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes different from the estimates.

**(c) TANGIBLE / INTANGIBLE ASSETS AND DEPRECIATION**

- (i) Fixed assets are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production.
- (ii) Depreciation on tangible fixed assets acquired after 01st April 2014 are provided under straight line method based on the useful life of the assets and in accordance with Schedule II to the Companies Act, 2013 and reckoning the maximum residual value @ 5% of the original cost of the asset. Assets acquired prior to 01st April 2014, the carrying amount as on 01st April 2014 is depreciated over the remaining useful life of the asset. In respect of assets costing up to Rs.5000/- the Company has fully depreciated considering the materiality aspect in the year of acquisition
- (iii) Intangible assets are amortized equally over their estimated useful life not exceeding 5 years.

**(d) FOREIGN CURRENCY TRANSACTION**

Transactions in foreign exchange are initially recognized at the rates prevailing on the date of transaction. All monetary assets and liabilities are restated at balance sheet date using year end closing rate. Resultant exchange difference is recognized as income or expense in the year in which they arise.

**(e) INVESTMENTS**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current Investments are carried at the lower of cost and Fair Value.

**(f) INVENTORIES**

- i) Raw Materials and Stores and Spares are valued at weighted average cost.
- ii) Finished Stocks are valued at cost (including applicable overheads and excise duty) or net realizable values whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale.
- iii) Work-in-Process value is derived from the value of finished goods less estimated cost of work still to be completed.
- iv) Modvat / Cenvat / Service Tax credits on materials / services / capital items are availed on purchases / installation of assets respectively and utilized for payment of excise duty on goods manufactured and the unutilized credit is carried forward in the books.

**(g) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank, demand deposits with banks.

**(h) REVENUE RECOGNITION**

- i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii) Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are disclosed net of value added tax (VAT), trade discounts and returns as applicable. Excise duty recovery from customer is deducted from turnover (gross). The excise duty differential between closing and opening stocks of excisable goods is included under "Change in inventories"
- (iii) Revenue from services is recognized (net of service tax, as applicable) pro-rata over the period of the contract as and when services are rendered.
- (iv) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the Company's right to receive dividend is established by the Balance Sheet date.

**(i) EMPLOYEE BENEFITS****Defined Contribution Plans**

The Company makes Provident fund and Superannuation contributions to defined contribution retirement benefit plans for qualifying employees. Under the Provident Fund scheme, the Company is required to contribute a specified percentage of payroll cost to the Employees Provident Fund Scheme, 1952 to fund the benefits. The interest as declared by the Government from time to time accrues to the credit of the employees under the scheme. Under the Superannuation scheme, the company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make the settlement to the qualifying employees.

**(ii) Defined benefit plans**

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Liability for unavailed leave a section of the workmen for whom it is considered as a long term benefit is actuarially valued and provided for but is not funded. Liability for unavailed leave for other employees considered as short term benefits and provided according in the books of accounts.

**(j) RESEARCH AND DEVELOPMENT**

Research and Development expenditure, other than capital, as and when incurred are charged to revenue.

**(k) SEGMENT REPORTING**

The accounting policies adopted for segmental reporting are in line with the accounting policies of the company with the following additional policies:

- i) Inter-segment adjustments are carried out on estimated basis having regard to current trends wherever the actual cost is unascertainable.
- ii) Revenues and expenses have been identified to segments wherever relatable on the basis of their relationship to specific operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not specifically allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses".

**(l) IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss Account in the year in which an asset is identified as impaired, after considering adjustment if any already carried out.

**(m) PROVISION AND CONTINGENT LIABILITIES**

A provision is created when there is a present obligation as a result of an obligation / event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require immediate outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likely hood of outflow of resources is very remote, no provision or disclosure is made.

**(n) BORROWING COSTS**

Borrowing cost directly attributable to the acquisition and construction of a asset which takes a substantial period of time to get ready for its intended use, are capitalised as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing cost are recognized in the Statement of Profit or loss in the period they occur. Borrowing cost consists of interest and other costs incurred in connection with borrowing of funds.

**(o) EARNINGS PER SHARE**

The earnings considered in ascertaining earnings per share comprises of the net profit after tax before exceptional items. The number of shares used in computing earnings per share is the weighted average number of shares outstanding during the year. Diluted earning per share comprises of weighted average share considered for deriving basic earnings per share as well as dilutive potential equity shares.

**(p) TAXES ON INCOME**

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provision of Income Tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

**(q) LEASES**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental payments made under operating leases are charged to the Statement of Profit and Loss.

In the case of leased tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease Income on such operating leases is recognized in the Statement of Profit and Loss.

**(r) Classification of Current / Non-Current Assets and Liabilities**

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>2</b>	<b>SHARE CAPITAL</b>		
	Authorised		
	13,00,00,000 (P.Y. 13,00,00,000) Equity Shares of Rs 10/- each	<b>13,000.00</b>	13,000.00
	12,00,000 (P.Y. 12,00,000) Redeemable Preference shares of Rs.100/- each	<b>1,200.00</b>	1,200.00
	20,00,000 (P.Y. 20,00,000) Redeemable Preference shares of Rs.10/- each	<b>200.00</b>	200.00
		<b>1,400.00</b>	1,400.00
	<b>Total</b>	<b>14,400.00</b>	14,400.00
	<b>ISSUED SUBSCRIBED AND FULLY PAID-UP</b>		
	<b>Equity Share Capital</b>		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs 10/- each	<b>8,288.86</b>	8,288.86
	{ Of the above the holding company holds 5,81,86,610 shares (previous year 5,81,86,610) }		
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entail to one vote per share.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	12,00,000 (P.Y.12,00,000) Preference Shares of Rs 100/- each	<b>1,200.00</b>	1,200.00
	Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	<b>1,125.00</b>	825.00
	<b>A</b>	<b>75.00</b>	375.00
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co. Pvt. Ltd) holds 8,90,000 shares}		
	<b>The redemption is as under:</b>		
	50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencingfrom 17.09.2014.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	20,00,000 (P.Y.20,00,000) Preference Shares of Rs 10/- each held by holding Company Parvathi Trading & Finance Co.Pvt.Ltd	<b>200.00</b>	200.00
	Less: Amount paid towards redemption in quarterly installments as per AAIFR Order dated 17.06.2004	<b>187.50</b>	137.50
	<b>B</b>	<b>12.50</b>	62.50
	<b>These will be redeemed as under:</b>		
	50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014.		
	<b>A+B</b>	<b>87.50</b>	437.50
	<b>Total</b>	<b>8,376.36</b>	8,726.36

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
3	<b>(a) Equity Shares</b>	<b>No. of Shares</b>	
	<b>Reconciliation of Number of Shares</b>		
	Balance at the beginning of the year	8,28,88,580	8,28,88,580
	Balance at the end of the year	8,28,88,580	8,28,88,580
	List of shareholders holding more than 5% of the total number of shares issued by the Company:		
	Parvathi Trading & Finance Co.Pvt.Ltd.(Holding Company) holds (70.20%) (P.Y.70.20%) of shares.	5,81,86,610	5,81,86,610
	<b>(b) Preference Shares</b>		
	<b>Reconciliation of Number of Shares</b>		
	Zero percent Preference shares of Rs.100/-each		
	Balance at the beginning of the year	12,00,000	12,00,000
	Balance at the end of the year	12,00,000	12,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	<b>Holding Company</b>		
	Parvathi Trading & Finance Co.Pvt.Ltd. (Holding Company) (74.17%) (PY 74.17%)	8,00,000	8,00,000
	<b>Others</b>		
	Federal Bank (16.67%) (PY 16.67%)	2,00,000	2,00,000
	<b>Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.10/-each</b>		
	Balance at the beginning of the year	20,00,000	20,00,000
	Balance at the end of the year	20,00,000	20,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Parvathi Trading & Finance Co. Pvt.Ltd (Holding Company) (100%) (PY 100%)	20,00,000	20,00,000
	<b>Reserves and Surplus</b>	<b>₹ in lakhs</b>	
	Capital Redemption Reserves		
	Opening Balance	962.50	675.00
	Add:On redemption of Preference Shares	350.00	287.50
	(A)	1,312.50	962.50
	Debenture Redemption Reserve	750.00	750.00
	(B)		
	<b>Surplus in Statement of Profit and Loss</b>		
	Opening Balance	2,752.80	3,256.89
	Add: Profit for the Year	303.37	(216.59)
	Less:		
	Transfer to Capital Redemption Reserve	350.00	287.50
	(C)	2,706.18	2,752.80
	<b>Closing Balance</b>		
	Add: Excess provision on investments in Associate	(79.23)	108.36
	(D)		
	<b>Grand Total (A+B+C+D)</b>	<b>4,689.44</b>	<b>4,573.66</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>4</b>	<b>Long-term borrowings (Secured)</b>		
	Debentures 20,31,018 (P.Y.20,31,018) Zero Coupon Bonds of Rs 100/- each redeemable at par at the end of the 25th year (2029-2030) as per AAIFR order dated 17.06.2004	<b>2,031.02</b>	2,031.02
	Of the above, amount due to the Holding Company Rs.1533.43 Lacs		
	Secured by first charge on all movable and immovable properties situated in the State of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one single installment. Rate of Interest Nil		
	<b>Total (a)</b>	<b>2,031.02</b>	2,031.02
	<b>Term Loans from</b>		
	Banks	<b>3,366.95</b>	3,835.45
	Sugar Development Fund	<b>2,378.68</b>	3,379.01
	Holding Company (Parvathi Trading & Finance Co.Pvt. Ltd.)	<b>821.20</b>	821.20
	Others (Ekansha enterprises Pvt.Ltd.)	<b>623.15</b>	623.15
	<b>Total</b>	<b>7,189.97</b>	8,658.81
	Secured	<b>6,566.82</b>	8,035.66
	Unsecured	<b>623.15</b>	623.15
	<b>Total (b)</b>	<b>7,189.97</b>	8,658.81
	<b>Total (a+b)</b>	<b>9,220.99</b>	10,689.83
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" (Refer Note 9)	<b>3,616.84</b>	1,301.61

**Term Loan from banks**

Term Loan from Indian Bank Rs.1,035.64 lacs (P.Y. Rs.1,249.96 lacs) of which Rs.821.32 lacs under long term borrowings and Rs.214.32 lacs under current maturity. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 58. Rate of Interest 11.15% p.a. Amount of monthly installment Rs.17.86 lacs.

Term Loan from Indian Bank Rs.62.16 lacs (P.Y. Rs.93.72 lacs) of which Rs.30.60 lacs under long term borrowings and Rs.31.56 lacs under current maturity. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 24. Rate of Interest 10.90% p.a. Amount of monthly installment Rs.2.63 lacs.

Interest Free Term Loan from Indian Bank Rs.2,737.65 lacs (P.Y. Rs.2,815.87 lacs) under Scheme for Extending Financial Assistance to Sugar units 2014 of which Rs.1799.03 lacs under long term borrowings and Rs.938.62 lacs under current maturity. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 35. Rate of Interest Nil. Amount of monthly installment Rs.78.22 lacs.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Interest Free Term Loan from Indian Bank Rs.2,148.00 lacs (P.Y. Rs.Nil) under Soft Loan scheme extended by Government of Indian to Sugar units during 2015 of which Rs.716 lacs under long term borrowings and Rs.1432 lacs under current maturity. Repayment in 2 years with 1 year interest subsidy at 10% and 1 year moratorium towards principal repayment. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 12. Rate of Interest 1.70%. Amount of monthly installment Rs.179 lacs commencing from August 2016.

### Term Loan Sugar Development Fund

Rs.1,026.48 lacs (P.Y.Rs.1,283.10 Lacs) of which Rs.769.86 lacs under long term borrowings and Rs.256.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from September 2015 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 4.

Rs.769.86 lacs (P.Y.Rs.1,026.48 Lacs) of which Rs.513.24 lacs under long term borrowings and Rs.256.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 3.

Rs.688.09 lacs (P.Y. Rs.1,032.14 lacs) of which Rs.344.04 lacs under long term borrowings and Rs.344.05 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur Unit, Tamil Nadu. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018. Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lacs. Balance installments 4.

Rs.58.40 lacs (P.Y.87.60 lacs) of which Rs.29.20 lacs under long term borrowing and Rs.29.20 lacs under current maturity secured by bank Guarantee Repayment in 4 Annual Equal installments starting from April 2014 to April 2017. Balance installments 2. Rate of Interest 4% p.a. Amount of each installment Rs.29.20 lacs.

Rs.136.40 lacs (P.Y. Rs.204.59 lacs) of which Rs.68.20 lacs under long term borrowing and Rs.68.20 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments 2. Rate of Interest 4% p.a. Amount of each installment Rs.68.20 lacs.

Rs.159.78 lacs (P.Y. Rs.182.61 lacs) of which Rs.114.13 lacs under long term borrowing and Rs.45.65 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 7 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs.22.83 lacs.

Rs.297 lacs (P.Y. Rs.Nil) of which Rs.297 lacs under long term borrowing and Rs.Nil under current maturity. Repayment 8 equal half yearly installments starting from June 2017 to December 2020. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.37.12 lacs.

Rs.243 lacs (P.Y. Rs.Nil) of which Rs.243 lacs under long term borrowing and Rs.Nil under current maturity. Repayment 8 half yearly installments starting from January 2018 to July 2021. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.30.38 lacs.

### Term Loan From Holding Company (Parvathi Trading & Finance Co. Pvt. Ltd.)

Rs.821.20 lacs (P.Y. Rs. 821.20 lacs). Secured by Hypothecation of Movable properties including plant and machinery and Inventories situated at Kattur unit, Tamil Nadu. Payable in June 2029. Rate of Interest – Nil. No. of installment 1.

### Term Loan From Others (Ekansha Enterprises Pvt. Ltd.) (Unsecured)

Rs.623.15 lacs (P.Y. Rs.623.15 lacs) payable in June 2029. Rate of Interest – Nil. No. of installment 1.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>5</b>	<b>Deferred Tax Liability Liability / (Asset)</b>		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	3,473.36	3,251.33
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(34.70)	(21.82)
	Provision for Diminution in value of current investments	(23.90)	(19.97)
	Carry Forward Depreciation loss	(1,071.19)	(1,022.24)
	Deferred Tax Liability (Net)	<b>Total</b> 2,343.57	2,187.30
<b>6</b>	<b>Other Long-term Liabilities</b>		
	Trade payables	11.34	7.97
	Advances from Customers	-	10.84
	Gratuity	16.15	37.34
	Compensated absences	6.59	6.71
	Interest accrued but not due on Loans	779.14	897.22
	Other payables and Deposits	43.00	44.78
	<b>Total</b>	<b>856.21</b>	<b>1,004.86</b>
	<b>Current Liabilities</b>		
<b>7</b>	<b>Short-Term Borrowings - Secured</b>		
	Loans repayable on demand		
	From banks*	4,531.79	4,208.12
	<b>Total (a)</b>	<b>4,531.79</b>	<b>4,208.12</b>
	*Cash Credit from Indian Bank for Rs. 4531.79 lacs (Previous year Rs.4,208.12 Lacs) is secured by exclusive first charge on land, Buildings and Plant and Machinery and all the movable properties (present and future) of the Sathamangalam sugar and cogeneration Unit		
<b>8</b>	<b>Trade Payables</b>	2,959.42	3,239.23
	The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Act 2006. The disclosures relating to amounts unpaid as at the year end together with interest payable / paid under this act could not be given.		
<b>9</b>	<b>Other Current Liabilities</b>		
	Current maturity of long term debt	3,616.84	1,301.61
	Current maturity of Interest accrued but not due on borrowings	14.98	16.82
	Statutory Remittances	219.63	208.63
	Advances from Customers	63.11	25.46
	Others (Excise duty, Salaries etc.)	1,036.31	764.29
	<b>Total</b>	<b>4,950.87</b>	<b>2,316.81</b>
<b>10</b>	<b>Short- term Provisions</b>		
	Provision for employee benefits		
	Gratuity	4.59	8.81
	Superannuation	6.15	5.96
	Compensated absences	35.79	23.30
	Bonus & Exgratia	41.70	37.27
	<b>Total</b>	<b>88.23</b>	<b>75.34</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**11. Fixed Assets**

₹ in lakhs

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2016	As at 01.04.2015	For the Year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
(i) Tangible Assets										
Land	364.34	11.83	-	376.17	-		-	-	376.17	364.34
Buildings	4,455.69	0.80	-	4,456.49	1,471.46	264.59	-	1,736.05	2,720.44	2,984.23
Plant and Equipment	34,446.49	22.09	-	34,468.58	17,284.45	1,121.39	-	18,405.84	16,062.74	17,162.04
Furniture and Fixtures	247.71	-	-	247.71	202.76	18.53	-	221.29	26.42	44.95
Vehicles	527.36	8.70	13.34	522.72	182.14	59.19	12.10	229.22	293.49	345.22
Total	40,041.59	43.42	13.34	40,071.67	19,140.81	1,463.70	12.10	20,592.40	19,479.26	20,900.78
Previous year	39,435.95	605.64	-	40,041.59	17,547.52	1,593.29	-	19,140.81	20,900.78	21,888.43
(ii) Intangible Assets										
Computer Software	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Total	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Previous year	33.98		-	33.98	27.56	4.72	-	32.28	1.70	6.42

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>12</b>	<b>Non-Current Investments</b>		
	Non-Trading Investments	1,209.65	1,211.20
	[Refer Note no 15 (a)]		
	<b>Total</b>	<b>1,209.65</b>	<b>1,211.20</b>
	Investments in Equity instruments	1,209.60	1,211.15
	Investments Others	0.05	0.05
<b>13</b>	<b>Long Term Loans And Advances</b>		
	Security deposits		
	Others (Electricity, Caution, Rental etc.) (Unsecured, considered good)	326.57	210.83
	Loans and advances to related parties		
	Doubtful	21.22	21.22
	Others	-	3.30
		347.79	235.35
	Less: Provision for doubtful loans and advances	21.22	21.22
	<b>Total (a)</b>	<b>326.57</b>	<b>214.13</b>
	Other loans and advances - Income Tax net of provision	252.97	248.14
	Loans and advances - Others	0.04	0.44
	<b>Total (b)</b>	<b>253.01</b>	<b>248.58</b>
	<b>Total (a+b)</b>	<b>579.58</b>	<b>462.71</b>
<b>14</b>	<b>Other Non-Current Assets</b>		
	Advance to Suppliers	0.84	0.63
	Others (Interest on Bonds, Subsidy etc.)	59.75	39.65
	<b>Total</b>	<b>60.59</b>	<b>40.28</b>
<b>15</b>	<b>CURRENT ASSETS</b>		
	Current Investments		
	Investments in Equity instruments	110.03	110.03
	Investments in Mutual funds	1,120.18	678.82
	Investments in Bonds/Debentures	592.87	1,079.83
	Less : Provision for Diminution	69.02	61.56
	[Refer Note no 15 (b)]		
	Refer note 1 (e) for method of valuation		
	<b>Total</b>	<b>1,754.06</b>	<b>1,807.12</b>
<b>16</b>	<b>Inventories</b>		
	Raw materials and packing materials	146.13	143.87
	Work in progress	411.00	315.84
	Finished goods	10,391.21	8,554.02
	Stores and spares	668.60	920.93
	<b>Total</b>	<b>11,616.94</b>	<b>9,934.66</b>
	Refer note 1 (f) for method of valuation		

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lakhs

As at 31.03.16 Qty.	As at 31.03.15 Qty.	Investment	Category	As at 31.03.16	As at 31.03.15
<b>Note 15 (a)</b>		<b><u>NON-CURRENT INVESTMENT AT COST</u></b>			
1,20,19,000	1,20,34,500	Associate Companies - Equities (Fully paid up)-Quoted KOTHARI PETROCHEMICALS LTD. OF RS. 10 EACH	Non-Trading	<b>1,201.90</b>	1,203.45
5,000	5,000	<b>Equities - Others (Fully paid up) - Quoted</b> GUJARAT PETROSYNTHESIS LTD. ( Rs. 10 EACH)	Non-Trading	<b>2.50</b>	2.50
50,000	50,000	<b>Equities - Others (Fully paid up) - Unquoted</b> BIO- TECH CONSORTIUM LTD. (Rs.10 EACH)	Non-Trading	<b>5.00</b>	5.00
2,086	2,086	Equities - Others (Fully paid up)-Unquoted KOTHARI SUGARS & CHEMICALS LTD. - EMPLOYEES CO-OPERATIVE SOCIETY LTD. OF Rs.10/- EACH.	Non-Trading	<b>0.20</b>	0.20
-	-	<b>Government Securities</b> INDIRA VIKAS PATRA	Non-Trading	<b>0.05</b>	0.05
20	20	<b>Associate Companies - Equities (Fully paid up)-Unquoted</b> KOTHARI BIO- TECH LTD. - RS.10 EACH	Non-Trading	<b>0.003</b>	0.003
		<b>TOTAL Non-Current Investment at cost</b>		<b>1,209.65</b>	1,211.20
		<b>Aggregate of :</b> Quoted non-current investments at cost Market Value of Quoted non-current Investments Unquoted non-current investments at cost		<b>1,204.40</b> <b>2,194.20</b> <b>5.25</b>	1,205.95 1,430.98 5.25
<b>Note 15 (b)</b>		<b><u>CURRENT INVESTMENT AT COST</u></b> (Valued at lower of cost and market value)			
		<b><u>Investment in Mutual Funds (Quoted)</u></b>			
-	86,881	SUNDARAM INFRASTRUCTURE ADVANTAGE FUND	Trading	-	14.73
52,604	52,604	SBI MAGNUM COMMA FUND	Trading	<b>10.00</b>	10.00
93,528	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	<b>25.00</b>	25.00
-	28,496	BIRLA SUN LIFE FLOATING RATE FUND STP	Trading	-	53.00
-	30,60,073	IDFC DYNAMIC BOND FUND	Trading	-	526.08
-	5,00,000	HDFC FMP	Trading	-	50.00
48,424	-	BIRLA SUN LIFE CASH PLUS	Trading	<b>117.71</b>	-
50,98,663	-	IDFC DYNAMIC BOND FUND	Trading	<b>560.44</b>	-
3,154	-	RELIANCE LIQUID FUND - CASH PLAN	Trading	<b>77.03</b>	-
20,00,000	-	HDFC FMP 1107D	Trading	<b>200.00</b>	-
13,00,000	-	RELIANCE FIXED HORIZON FUND	Trading	<b>130.00</b>	-
		<b>Total Current Investments at cost</b>		<b>1,120.18</b>	678.82
		<b>Less: Provision for diminution in value of Investments</b>		<b>9.99</b>	6.02
		<b>Net Current Investments</b>		<b>1,110.19</b>	672.80

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.16 Qty.	As at 31.03.15 Qty.	Investment	Category	As at 31.03.16	As at 31.03.15
		<b><u>Equity - Others (Fully Paid) Quoted</u></b>			
2,500	2,500	BHARAT HEAVY ELECTRICALS LIMITED (Rs. 2 EACH)	Trading	<b>10.86</b>	10.86
290	290	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	<b>1.97</b>	1.97
4,600	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	<b>2.86</b>	2.86
1,000	1,000	IDFC Ltd. ( Rs. 10 EACH)	Trading	<b>2.11</b>	2.11
1,000	1,000	INDIAN HOTELS ( Re. 1 EACH)	Trading	<b>1.26</b>	1.26
5,000	5,000	RELIANCE COMMUNICATIONS LIMITED (Rs. 5 EACH)	Trading	<b>20.34</b>	20.34
2,350	2,350	RELIANCE INDUSTRIES LTD ( Rs. 10 EACH)	Trading	<b>26.44</b>	26.44
450	450	RELIANCE INFRASTRUCTURE LIMITED (Rs. 10 EACH)	Trading	<b>4.42</b>	4.42
4,375	4,375	RELIANCE POWER LTD ( Rs. 10 EACH)	Trading	<b>12.37</b>	12.37
1,800	1,800	SINTEX INDUSTRIES LIMITED (Re.1 EACH)	Trading	<b>3.20</b>	3.20
19,380	19,380	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	<b>24.19</b>	24.19
		<b>Total Current Investments at cost</b>		<b>110.03</b>	110.03
		<b>Less: Provision for diminution in value of Investments</b>		<b>59.03</b>	55.54
		<b>Net Current Investments</b>		<b>51.00</b>	54.49
		<b>Investment in NCD / Bonds (Quoted)</b>			
30	30	TATA MOTORS FINANCE LIMITED	Trading	<b>300.00</b>	300.00
10,000	10,000	IFCI LIMITED	Trading	<b>100.00</b>	100.00
-	486,958	L&T FINANCE HOLDINGS LIMITED	Trading	-	486.96
1,500	1,500	NABARD	Trading	<b>192.87</b>	192.87
		<b>Total</b>		<b>592.87</b>	1,079.83
		<b>Aggregate of :</b>			
		Current investments at cost (Quoted)		<b>1,823.08</b>	1,868.68
		Market Value current investements (Quoted)		<b>1,754.06</b>	1,807.12
		Dimunition in value of current investments		<b>69.02</b>	61.56

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>17</b>	<b>Trade Receivables</b>		
	(Unsecured, Considered good )		
	For a period exceeding six months	80.78	80.70
	Others	847.64	737.76
	<b>Total</b>	<b>928.42</b>	<b>818.46</b>
<b>18</b>	<b>Cash and Cash Equivalents</b>		
	Cash on Hand	1.70	1.80
	Balances with Bank - In current accounts	407.21	686.17
	Fixed Deposit with Banks	1,107.80	45.92
	<b>Total (a)</b>	<b>1,516.71</b>	<b>733.89</b>
	Other Bank Balances		
	Balances held as margin money or security against borrowings, guarantees and other commitments	168.98	155.50
	Unpaid Dividend- Held in separate Bank account	4.43	4.51
	<b>Total (b)</b>	<b>173.41</b>	<b>160.01</b>
	<b>Total (a+b)</b>	<b>1,690.12</b>	<b>893.90</b>
<b>19</b>	<b>Short Term Loans And Advances</b>		
	(Unsecured and considered good)		
	Balances with government authorities		
	CENVAT credit receivable	219.55	181.70
	Service Tax credit receivable	15.54	14.51
	VAT credit receivable	4.33	1.99
	Others (Balance with State excise/PLA etc.)	6.12	2.39
	Prepaid Expenses	72.80	104.54
	Advance to Suppliers	91.82	83.73
	Other loans and advances (Employee advances etc.)	147.13	123.91
	<b>Total</b>	<b>557.29</b>	<b>512.78</b>
<b>20</b>	<b>Other Current Assets</b>		
	Other Receivables (Interest accrued on NCD, recovery from Ryots)	138.27	437.36
	<b>Total</b>	<b>138.27</b>	<b>437.35</b>
<b>21</b>	<b>Revenue from Operations</b>		
	Sale of products		
	Sugar	17,609.45	22,959.98
	Industrial Alcohol	6,205.71	8,092.25
	Electric Power	1,150.78	1,365.73
	Bagasse	87.48	1,866.61
	Others (Biocompost, CO2, cane inputs etc.)	244.49	282.77
	Other Operating revenues	120.66	210.93
	<b>Total</b>	<b>25,418.57</b>	<b>34,778.28</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>22</b>	<b>Other Income</b>		
	Interest Income		
	- From Bank Deposits	78.14	71.29
	- Others (TNEB etc.)	12.43	13.73
	Dividend Income from Current Investments		
	- Others (Shares & Mutual funds)	47.53	68.08
	Dividend Income from Associate & others	240.38	120.19
	Net gain on sale of current investments	65.87	97.87
	Other Non-Operating Income		
	- Other Miscellaneous income	39.17	215.37
	- Rental Income	34.20	25.51
	- Profit on sale of assets	1.71	-
	- Accretion in value of investments	-	36.30
	- Commission	91.53	83.41
	- Liability no longer required written back	95.52	450.34
	<b>Total</b>	<b>706.48</b>	<b>1,182.09</b>
<b>23</b>	<b>Cost of Materials Consumed</b>		
	Raw Material		
	Sugarcane	17,389.39	22,128.92
	Coal	1.63	781.30
	Others (Molasses, Bagasse etc.)	1,584.02	2,208.80
	Chemical and Others	334.83	373.98
	Packing	362.34	517.79
	<b>Total</b>	<b>19,672.21</b>	<b>26,010.79</b>
<b>24</b>	<b>Changes in Inventories of Finished Goods, Work-in-progress</b>		
	Opening Stock		
	Finished Goods		
	Sugar	7,582.50	8,304.50
	Molasses	771.93	187.77
	Industrial Alcohol	199.58	353.25
	Work in progress		
	Sugar	304.12	424.32
	Molasses	11.72	13.91
	<b>Total (a)</b>	<b>8,869.87</b>	<b>9,283.75</b>
	<b>Closing Stock</b>		
	Finished Goods		
	Sugar	9,414.25	7,582.50
	Molasses	662.74	771.93
	Industrial Alcohol	314.22	199.58
	Work in progress		
	Sugar	399.08	304.12
	Molasses	11.91	11.72
	<b>Total (b)</b>	<b>10,802.20</b>	<b>8,869.85</b>
	(Increase) / Decrease over the previous year	<b>Total (a-b)</b>	<b>(1,932.34)</b>
	<b>Add: Decrease in Sugar (Boughtout)</b>	-	17.18
	<b>Add: Excise duty adjustment for movement in Finished goods inventory</b>	248.60	108.03
	<b>Net change (Increase) / Decrease</b>	<b>(1,683.74)</b>	<b>539.11</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>25</b>	<b>Employee Benefits Expense</b>		
	Salaries and Wages	1,385.96	1,479.71
	Contribution to Provident and Other Funds	119.92	160.52
	Staff Welfare Expenses	76.21	77.46
	<b>Total</b>	<b>1,582.09</b>	<b>1,717.69</b>
<b>26</b>	<b>Finance Cost</b>		
	Interest Expense	659.40	486.53
	Other Borrowing Costs	49.48	21.99
	<b>Total</b>	<b>708.88</b>	<b>508.52</b>
<b>27</b>	<b>Depreciation and amortization expense</b>	<b>1,463.70</b>	<b>1,598.01</b>
<b>28</b>	<b>Other Expenses</b>		
	Consumption of stores and spare parts	671.46	1,151.47
	Power and Fuel	747.66	884.79
	Rent	24.16	23.92
	Repairs-Buildings	70.93	110.48
	Repairs to Machinery	298.39	418.20
	Repairs to Others	68.32	81.11
	Biocompost	80.02	85.97
	Insurance	82.21	84.25
	Rates and Taxes	152.72	147.56
	Excise duty expunged	379.75	493.44
	Freight & Clearing Expenses	242.50	563.80
	Directors Sitting fees	5.45	3.57
	Auditor's Remuneration		
	- Statutory Audit	3.67	3.67
	- Limited Audit review	1.20	1.20
	Travelling Expenses	20.97	50.10
	Conveyance	2.33	4.54
	Professional Fees	36.59	36.70
	Commission	22.55	25.52
	Provision for Diminution in value of Investments	7.46	-
	CSR expenditure	15.27	28.43
	Administration Expenses	377.98	447.32
	Bad Debts	3.42	138.56
	Miscellaneous Expenses	18.65	38.21
	<b>Total</b>	<b>3,333.66</b>	<b>4,822.81</b>

**29. Employee Benefits:**

The following table sets forth the status of the unavailed earned leave and Gratuity plan of the Company and the amounts recognized in the Balance sheet and Statement of Profit and loss.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****(i) Earned Leave**

₹ in lakhs

Principal Actuarial Assumptions	2015-16	2014-15
Interest rate (Liabilities)	7.80%	7.80%
Rate of return on plan assets wherever applicable	8.75%	8.70%
Mortality table	Indian Assured Lives (2006 – 08)	Indian Assured Lives (2006 – 08)
Resignation rate per annum	2%	2%
Salary escalation rate	6.50%	6.50%
Net Liability Recognized	2015-16	2014-15
Present Value of Obligation	6.58	6.71
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized (Long term)	(6.58)	(6.71)

**(ii) Gratuity**

Liability to existing employees of the Company in respect of gratuity is covered under a common insurance policy administered by a trust maintained for the participating enterprises viz. Kothari Sugars and Chemicals Limited (KSCL) and Kothari Petrochemicals Limited (KPL).

The actuarially valued liabilities under the Projected Unit Credit Method for the employees of the participating enterprise of the trust are calculated enterprise wise. The investments available with the underwriter are adjusted in proportion to the liability and the shortfall is provided for in the books of the participating enterprise. Consequently, the actuarial loss / gain if any relating to the other participating enterprise is also borne by every other participating enterprise.

₹ in lakhs

Particulars	Gratuity Plan	
	2015-16	2014-15
<b>Basic actuarial assumptions</b>	<b>Indian Assured Lives (2006 – 08) Ultimate 31-03-2016</b>	<b>Indian Assured Lives (2006 – 08) Ultimate 31-03-2015</b>
Mortality Table:	7.80%	7.80%
Date of Valuation:	6.50%	6.50%
Rate of Discount (p.a)	2.00%	2.00%
Rate of Salary Escalation:	8.75%	8.70%
Employee Attrition Rate due to reasons other than death or retirement		
Rate of Return on Plan Assets		
<b>Projected benefit obligation at the beginning of the period</b>	<b>346.60</b>	<b>301.32</b>
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Actuarial loss / (gain)	(5.97)	(22.10)
Benefits paid	(50.67)	(32.68)
<b>Projected benefit obligation at the end of the period</b>	<b>326.64</b>	<b>346.60</b>
<b>Amounts recognized</b>		
Projected benefit obligation at the end of the period	326.64	346.60
Fair value of plan assets at end of the period	309.19	307.20
<b>Liability to be recognized</b>	<b>17.45</b>	<b>39.40</b>
<b>Cost for the period</b>		
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Expected return on plan assets	(25.92)	(25.75)
Net actuarial (gain)/loss recognized in the period	(3.90)	(23.97)
<b>Total</b>	<b>6.86</b>	<b>50.34</b>
<b>Less: Share of contribution from Associate Company</b>	<b>(2.26)</b>	<b>(3.69)</b>
<b>Net Cost recognized in Statement of Profit &amp; Loss</b>	<b>4.60</b>	<b>46.65</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**30. Contingent Liabilities not provided for**

₹ in lakhs

Particulars	2015-16	2014-15
<b>a) Claims not acknowledged by the Company</b>		
Sales Tax		
Customs	73.39	73.39
Central excise	680.03	679.96
<b>Tangedco (Electricity)</b>		
Generation Tax	587.57	525.39
Tariff revision	452.98	227.86
Electricity tax (Third party sale)	926.79	860.92
Urban Land tax	46.43	44.38
<b>Total</b>	<b>2,767.19</b>	<b>2,411.90</b>

In respect of above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities.

In the matter of SAP (State Advised Price) The South Indian Sugar Mills Association (SISMA), Tamilnadu has filed a writ petition in the High Court of Madras on behalf of all the private sector sugar mills in the State challenging the power of the State Government to fix the State Advised Price (SAP).

Since the Hon'ble Supreme Court has held in 2004 that SAP is only recommendatory in nature in Tamilnadu. Therefore, the Company does not foresee any adverse impact on the financial position.

**31. Notes Relating to Segment**
**i) Business Segments**

The Parent Company has considered business segments as the primary segments for disclosure. The business segments are:

Sugar, Power generation and Distillery.

Sugar segment comprises of sugar and molasses, Power segment includes generation of power from bagasse and Distillery segment reflects the manufacture of Extra neutral and Denatured alcohol.

The above segments have been identified taking into account the organization structure as well as the differing risks and returns of these segments

**ii) Geographical Segments**

The geographical segment considered for disclosure is India and Rest of the world. All the manufacturing facilities and sales offices are located in India. Sales to the rest of the world are also serviced by Indian sales offices.

Geographical revenues are segmented based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognized.

- iii) Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities.

Refer Separate workings on Segment results at page no.99

**32. Related Party Disclosures:**

Refer Separate workings on Related party transactions at page no. 100

**33. Operating Lease**

A sum of Rs.24.16 lakhs (Previous Year Rs.23.92 lakhs) has been debited to rent account, being the rent paid on premises which has been taken on lease.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****34. Earnings per Share:**

Particulars	2015-16	2014-15
Net Profit after Tax (Rs.in lakhs)	303.37	(216.59)
No. of Equity Shares of Rs.10/- each	8,28,88,580	8,28,88,580
Earning per Share ( Basic & Diluted) (Rs.)	0.37	(0.26)

**35.** The net worth of the subsidiary KITL has been eroded on account of it's carried over losses. The management of the subsidiary has expressed confidence in continuing the current trend of registering profits as the subsidiary has made cash profits during this year as well as the immediately preceding previous years. It is however not likely to have any major impact in the consolidated financials of the KSCL as the investment in its subsidiary is fully provided in Parent Company's books

**36. Remuneration / Fee paid to Statutory Auditors**

Sl. No.	Description of the Service	2015-16	2014-15
(a)	Statutory Audit of Accounts	3.50	3.50
(b)	Limited Audit Review	1.20	1.20
(c)	VAT Audit	0.40	0.40
(d)	Certification - Others	0.05	0.12
(e)	Statutory Audit (KITL)	0.17	0.17
	<b>Total</b>	<b>5.32</b>	<b>5.39</b>

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

For and on behalf of the Board

As per the report of even date  
**for R.Subramanian and Company**  
 Chartered Accountants

**Arjun B Kothari**  
 Managing Director

**P.S.Gopalakrishnan**  
 Director

**N.Krishnamurthy**  
 Partner

Place : Chennai  
 Date : May 27, 2016

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer

**Annexure - I - Segment Information (Note - 31)**
**a) Primary segment reporting (by Business Segments)**

The Company has considered business segment as the primary segment for disclosure

These are:

- (i) **Sugar**
- (ii) **Power**
- (iii) **Distillery**

₹ in lakhs

Particulars	Sugar		Power		Distillery		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Segment revenues	19,527.60	25,430.15	2,942.05	5,070.69	6,410.23	8,288.80	28,879.88	38,789.65
Segment results	(1,878.05)	(4,006.96)	(746.88)	(463.74)	2,725.08	4,027.28	100.15	(443.41)
Segment assets	21,302.03	20,147.73	4,624.85	5,190.61	7,140.40	6,986.30	33,067.28	32,324.64
Segment Liabilities	23,180.07	24,154.69	5,371.73	5,654.34	4,415.32	2,959.02	32,967.13	32,768.05
Capital Expenditure	34.43	58.50	4.54	12.34	4.45	534.30	43.41	605.14
Depreciation	676.28	682.10	545.55	645.11	206.29	202.01	1,428.12	1,529.22

₹ in lakhs

**Reconciliation of reportable segments with the financial statements:**

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Total Reportable Segment	28,879.88	38,789.65	100.15	(443.41)	33,067.28	32,324.64	32,967.13	32,768.05	43.41	605.14	1,428.12	1,529.22
Corporate-Unallocated	-	-	(405.43)	(434.20)	9,607.46	6,644.89	9,591.82	6,648.96	-	0.50	35.57	68.79
Inter Segment	(4,222.31)	(4,792.88)	-	-	-	-	-	-	-	-	-	-
Other revenues	667.84	1,134.15	-	-	-	-	-	-	-	-	-	-
Interest (Corporate)	-	-	(0.05)	(4.53)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	421.12	391.26	-	-	-	-	-	-	-	-
Others (Subsidiary)/Associate share of profits	38.64	47.93	187.59	274.30	-	-	-	-	-	-	-	-
Total	25,364.06	35,178.85	303.37	(216.59)	42,674.74	38,969.53	42,558.95	39,417.01	43.41	605.63	1,463.70	1,598.01

₹ in lakhs

**b) Secondary Segment Information**

Particulars	2015-16			2014-15		
	India		Rest of the World	India		Rest of the World
11. Revenue by Geographical Market	28,879.88		-	38,789.65		-
2. Carrying amount of Segment Assets	33,067.28		-	32,324.64		-
3. Additions to Fixed / Intangible Assets	43.41		-	605.64		-

**Annexure - II - Related Party Disclosures (Note - 32)****Related party disclosures - As identified by the Management and relied upon by the Auditors**(i) Parties with Significant influence  
(Direct and Indirect)Holding Company  
AssociateJoint control  
Joint control  
Joint controlRegd. public trust  
Wholly owned SubsidiaryParvathi Trading & Finance Co. Pvt. Ltd.  
Kothari Petrochemicals Ltd.  
Century Foods Pvt. Ltd.  
Kothari Safe Deposits Ltd.  
Kothari Bio Tech Ltd.  
HCK Educational and Development Trust  
Kothari International Trading Ltd.

(ii) Key Management Personnel

Managing Director

Mr. Arjun B Kothari (w.e.f. 08.04.2015)

(iii) Relative of Key Management Personnel

Chairperson

Mrs. Nina B Kothari

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)													
	Parvathi Trading & Finance Co. Pvt. Ltd		Kothari Petrochemicals Limited		Century Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Bio Tech Limited		HCK Educational and Development Trust		Chairperson & Director (Mrs. Nina B Kothari)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent	-	-	-	-	17.76	17.76	-	-	-	-	-	-	-	-
Electricity charges	-	-	-	-	3.98	4.05	1.27	1.16	-	-	-	-	-	-
Travel and other reimbursements	-	-	42.18	42.10	-	-	4.14	5.00	-	-	-	-	9.92	-
Other receipts	-	-	126.50	277.40	-	-	-	-	-	-	-	-	55.51	37.00
Commission	-	-	91.53	83.41	-	-	-	-	-	-	-	-	-	-
Purchase of water	-	-	-	-	-	-	0.38	-	-	-	-	-	-	-
Material purchased	-	-	0.72	0.86	-	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	-	-	-	1.00	0.19	-
Advance refund	-	-	-	-	-	-	-	-	10.00	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-	31.57	-	-
CSR expenditure	-	-	-	-	-	-	-	-	-	-	15.27	28.43	-	-
Loan Repayment	-	71.11	-	-	-	-	-	-	6.50	-	-	-	-	-
<b>Outstanding Balances</b>														
Loans and Advances	-	-	-	3.30	-	-	-	-	9.53	3.03	-	-	-	55.51
Term Loans	(821.20)	(821.20)	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,533.44)	(1,533.44)	-	-	-	-	-	-	-	-	-	-	-	-

**Form AOC-I**

**(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**

**(Information in respect of each subsidiary to be presented with amounts in ₹. in Lakhs)**

Sl. No.	Name of the subsidiary	Kothari International Trading Limited (KITL)
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding Company
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
3	Share capital	100.00
4	Reserves & surplus	(89.02)
5	Total assets	46.37
6	Total Liabilities	46.37
7	Investments	-
8	Turnover	94.15
9	Profit before taxation	66.19
10	Provision for taxation	12.61
11	Profit after taxation	53.58
12	Proposed Dividend	None
13	% of shareholding	99.99%
<b>Notes:</b>		
a	Names of subsidiaries which are yet to commence operations	None
b	Names of subsidiaries which have been liquidated or sold during the year.	None

**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company**

Sl. No.	Name of the Associates	Kothari Petrochemicals Limited (KPL)
1	Latest audited Balance Sheet Date	31st March 2016
2	Shares of Associate held by the company on the year end	
	(a) No. of Shares	1,20,19,000
	(b) Amount of Investment in Associates (Rs.in lakhs)	1,201.90
	(c) Extent of Holding %	20.42
3	Description of how there is significant influence	Extent of holding in equity capital of associate exceeding the prescribed limit of 20%
4	Reason why the associate is not consolidated	---
5	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs.in lakhs)	1,361.90
6	Profit / Loss for the year (Rs.in lakhs)	918.45
	(i) Considered in Consolidation (Rs.in lakhs)	187.59
	(ii) Not Considered in Consolidation (Rs.in lakhs)	730.86
<b>Notes</b>		
a	Names of associates or joint ventures which are yet to commence operations	None
b	Names of associates or joint ventures which have been liquidated or sold during the year.	None

Consequent to the notification under the companies Act, 2013, the financial statements for the year ended 31st March 2016 are prepared under revised schedule III. Accordingly, the previous year figures have also been reclassified to conform to this year's classification

For and on behalf of the Board

As per our Report of even date

**for R.Subramanian and Company**  
Chartered Accountants

**Arjun B Kothari**  
Managing Director

**P.S.Gopalakrishnan**  
Director

**N.Krishnamurthy**  
Partner

Place : Chennai  
Date : May 27, 2016

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer



**KOTHARI SUGARS AND CHEMICALS LTD.,****CIN : L15421TN1960PLC004310**

Regd. Office: "Kothari Buildings" No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034.

Phone No. 044- 30281595 / 30225507 / Fax No. 044-28334560

Email: secdept@hckgroup.com / Website: www.hckotharigroup.com/kscl

Form No. MGT 11

**PROXY FORM**

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

CIN : L15421TN1960PLC004310  
Name of the company : KOTHARI SUGARS AND CHEMICALS LIMITED  
Registered office : KOTHARI BUILDINGS, NO.115, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI - 600034

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

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 (on a poll) for me/us and on my/our behalf at the 55th Annual general meeting of the company, to be held on Friday the 05th day of August, 2016 at 10.15 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

**\*\* I wish my above Proxy to vote in the manner as indicated in the box below**

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statements, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statements		
2.	Re-appointment of Mr.Arjun B.Kothari who retires by rotation		
3.	Appointment of Auditors		
Special Business			
4.	Ratification of Remuneration to Cost Auditor		

Signed this ..... day of ..... 20.....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Signature of shareholder:

Affix  
₹1  
Revenue  
Stamp

**Notes:**

- a) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- b) A Proxy need not be a member of the Company.
- c) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- d) \*\* This is only optional. Please put a '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 the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- e) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated



**KOTHARI SUGARS AND CHEMICALS LTD.,****CIN : L15421TN1960PLC004310**

Regd. Office: "Kothari Buildings" No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034.

Phone No. 044- 30281595 / 30225507 / Fax No. 044-28334560

Email: secdept@hckgroup.com / Website: www.hckotharigroup.com/kscl

**ATTENDANCE SLIP**

Regd. Folio / DP ID & Client Id	
No. of Shares held	
Name and Address of the Shareholder	

1. I hereby record my presence at the 55th Annual general meeting of the company, to be held on Friday the 05th day of August, 2016 at 10.15 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.

2. Signature of the Shareholder / Proxy Present.

--

3. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.

4. Shareholder / Proxy holder desiring to attend the meeting may bring his / her copy of Annual Report for reference at the meeting.

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**E - VOTING PARTICULARS**

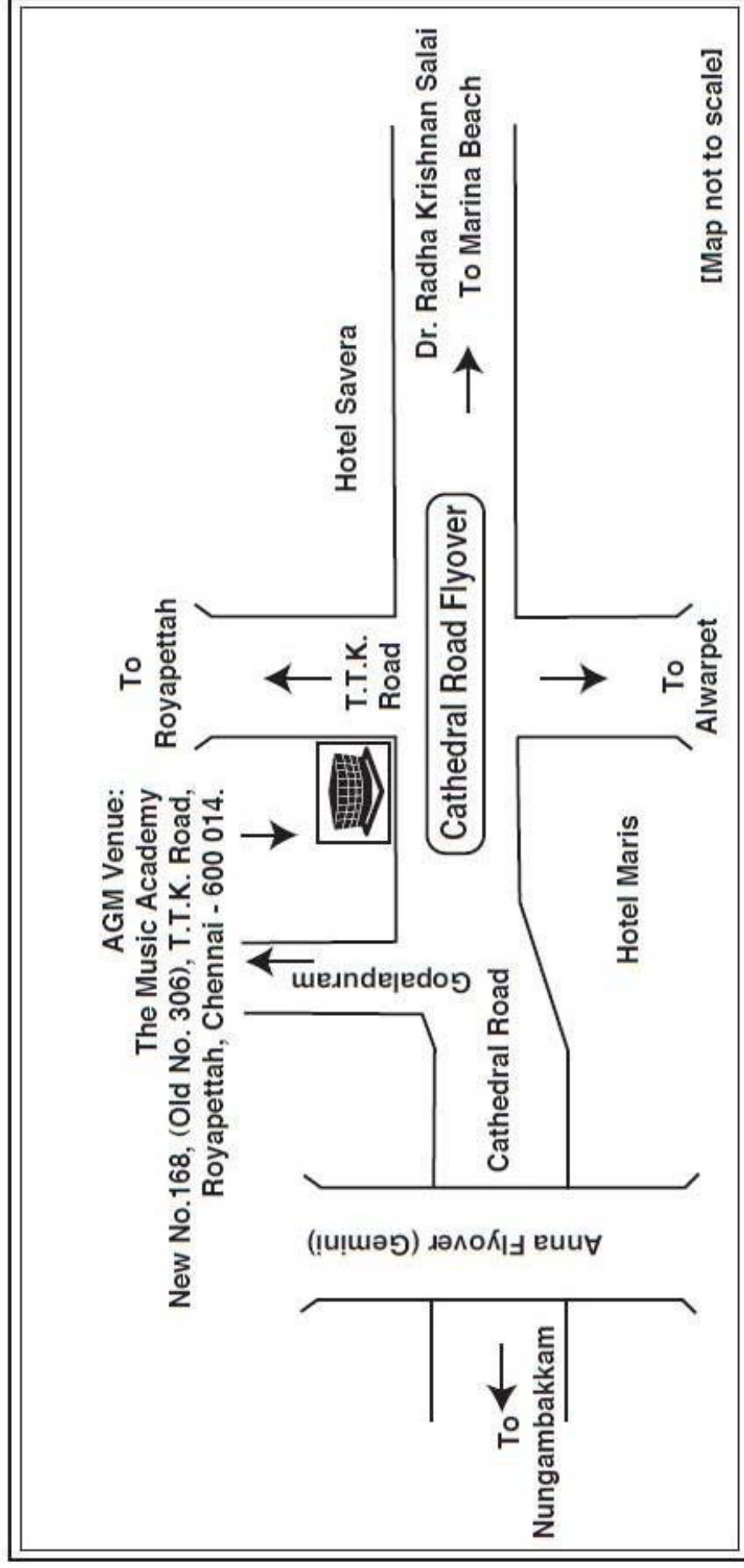
<b>EVSN</b> (Electronic Voting Sequence Number)	<b>USED ID</b>	<b>PASSWORD</b>
<b>160628011</b>	<b>Folio No. / Client ID</b>	<b>Pan Number / Bank Account No. / Date of Birth</b>

The e-voting facility will be available during the following voting period:

<b>Commencement of e-voting</b>	<b>End of e-voting</b>
Monday, 01st August, 2016 at 9.00 A.M.	Thursday, 04th August, 2016 at 5.00 P.M.

**Note:** Please refer the details and instructions form integral part of the Notice for the Annual General Meeting.

Route map for the venue of AGM of Kothari Sugars & Chemicals Limited  
to be held on Friday, 05th August 2016 at 10.15 A.M.



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## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

If undelivered, please return to:

**KOTHARI SUGARS AND CHEMICALS LIMITED**

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Nungambakkam, Chennai - 600 034.