



# **Kothari Sugars and Chemicals Ltd.**

**59<sup>th</sup> Annual Report 2019 - 20**





**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****Board of Directors**

Nina B. Kothari - Chairperson  
Arjun B. Kothari - Managing Director  
M. Silvester Goldwin - Whole Time Director  
P.S. Balasubramaniam - Independent Director  
V.R. Deenadayalu - Independent Director  
P.S. Gopalakrishnan - Independent Director  
C.V. Krishnan - Independent Director

**Company Secretary**

R. Prakash

**Chief Financial Officer**

R. Krishnan

**Statutory Auditors**

P. Chandrasekar LLP  
Chartered Accountants  
New No. 6, II Floor, Krishnaswamy Avenue,  
Luz, Mylapore, Chennai - 600 004.

**Internal Auditors**

R. Subramanian & Co. LLP  
Chartered Accountants  
No. 6, Krishnaswamy Avenue,  
Luz, Mylapore, Chennai - 600 004.

V.P. Mukundan & Associates  
Chartered Accountants  
No. 29/12, IV Trust Cross Street,  
Raj Kamal Apartments, I Floor,  
Mandavalipakkam, Chennai - 600 028.

**Cost Auditor**

K. Suryanarayanan  
Flat A, Brindhavan Apartments, No.1, Poes Road,  
4<sup>th</sup> Street, Teynampet, Chennai - 600 018.

**Secretarial Auditor**

M. Alagar, Company Secretary in Practice  
M. Alagar and Associates  
21-B, First Floor, A.R.K. Colony, Eldams Road  
Alwarpet, Chennai - 600 018.

**Legal Advisors**

S. Ramasubramanian & Associates  
Advocates  
No. 6/1, Bishop Wallers Avenue (West),  
Mylapore, Chennai - 600 004.

**Registered Office**

"Kothari Buildings"  
No.115, Mahatma Gandhi Salai,  
Nungambakkam, Chennai - 600 034.  
Phone No. 044 - 30281595 / 30225507.  
Fax No. 044-28334560.  
e-mail : secdept@hckgroup.com  
website : www.hckotharigroup.com/kscl

**Manufacturing Units****Kattur**

Kattur Railway Station Road, Lalgudi Taluk,  
Trichy District, Tamil Nadu - 621 706.

**Sathamangalam**

Sathamangalam Village, Vetriyur Post,  
Keezhapalur, Ariyalur Taluk,  
Ariyalur District, Tamil Nadu - 621 707.

**Registrar & Share Transfer Agents**

Cameo Corporate Services Limited  
Subramanian Building, 5<sup>th</sup> Floor,  
No.1, Club House Road, Chennai - 600 002.  
Phone No. 044 - 28460390 to 28460394  
Fax No.: 044 - 28460129  
e-mail : investor@cameoindia.com

**Listing**

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> |

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## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

| Particulars                          | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|--------------------------------------|---------|---------|---------|---------|---------|
| <b>PROFITABILITY ITEMS</b>           |         |         |         |         |         |
| Gross Revenue                        | 35,720  | 34,956  | 29,218  | 32,195  | 25,325  |
| Gross Profit (PBDIT)                 | 3,266   | 4,732   | 3,320   | 4,153   | 2,449   |
| Depreciation                         | 1,297   | 1,281   | 1,386   | 1,463   | 1,464   |
| Profit/ (Loss) Before Interest & Tax | 1,969   | 3,451   | 1,934   | 2,691   | 985     |
| Finance Cost                         | 702     | 704     | 650     | 811     | 709     |
| Exceptional Items (Debit) / Credit   | 634     | (465)   | (1,018) | (622)   | -       |
| Profit/ (Loss) Before Tax            | 1,901   | 2,281   | 2,302   | 2,502   | 277     |
| Income Tax                           | 680     | 507     | 81      | 284     | 3       |
| MAT Credit Utilized                  | (323)   | -       | -       | -       | -       |
| Deferred Tax                         | (397)   | 503     | 138     | (75)    | 156     |
| Profit / (Loss) After Tax            | 1,942   | 1,271   | 2,084   | 2,293   | 118     |
| <b>BALANCE SHEET ITEMS</b>           |         |         |         |         |         |
| Net Fixed Assets (incl.CWIP)         | 17,209  | 16,787  | 17,845  | 19,151  | 19,482  |
| Investments                          | 3,014   | 4,824   | 3,298   | 1,962   | 1,785   |
| Other Current / Non current assets   | 17,105  | 17,808  | 16,482  | 17,698  | 16,678  |
| Total Capital Employed               | 34,314  | 34,595  | 34,327  | 36,849  | 36,160  |
| Shareholders Funds                   | 16,648  | 15,206  | 13,937  | 13,212  | 12,592  |
| <b>OTHERS</b>                        |         |         |         |         |         |
| Book Value per share (₹)             | 20      | 18      | 17      | 16      | 15      |
| EPS (₹)                              | 2.34    | 1.53    | 0.06    | 1.26    | 0.14    |

## NOTICE TO THE MEMBERS

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Tuesday, 11<sup>th</sup> August 2020 at 10.30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### Ordinary Business:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020, the Report of the Auditors thereon and Report of the Board of Directors.
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.

### Special Business:

#### 3. 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 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus applicable 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 2020-2021, be and is hereby ratified and confirmed".

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

**R. Prakash**  
Company Secretary

Place : Chennai  
Date : June 17, 2020

### Important Notes

- a) In view of the continuing COVID-19 global pandemic, the Ministry of Corporate Affairs vide its Circular No.20/2020 dated May 05, 2020 read with Circular No.14/2020 dated April 8, 2020 and Circular No.17/2020 dated April 13, 2020 allows conducting of Annual General Meeting of the Company through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the members for the meeting at a common venue. In terms of the said Circulars and in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the AGM through VC / OAVM only. The deemed venue for the AGM shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC / OAVM is appended herewith and also available at the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)
- b) Since the AGM is being conducted through VC / OAVM, the facility for appointment of proxies by the Members will not be available for this AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
- c) Corporate members are requested to send to the Company, a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote in the AGM through VC / OAVM on its behalf and to vote through remote e-voting. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.
- d) The Register of Members and Share Transfer Books will remain closed from Wednesday, the 5<sup>th</sup> August 2020 to Tuesday, 11<sup>th</sup> August 2020 (both days inclusive) on account of the Annual General Meeting.
- e) 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.
- f) Members who have not encashed their dividend warrants / Demand Drafts are advised to write to the Company / RTA immediately claiming the dividends due to them. The details of unpaid dividends that are

due for transfer to Investor Education and Protection Fund (IEPF) along with due dates are furnished below. As per Section 124 (6) of the Companies Act, 2013 ("Act"), all the shares in respect of which dividend has not been paid or claimed **for seven consecutive years or more** shall be transferred by the Company to the name of IEPF. The shareholders are entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Companies Act, 2013.

| S. No. | Nature of Dividend | Date of Declaration of Dividend | Due Date for Transfer to IEPF on |
|--------|--------------------|---------------------------------|----------------------------------|
| (i)    | Final Dividend     | 03.09.2014                      | 08.10.2021                       |
| (ii)   | Final Dividend     | 08.09.2017                      | 14.10.2024                       |
| (iii)  | Final Dividend     | 07.08.2019                      | 11.09.2026                       |

- g) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the dividend declaration year 2014-15 and 2017-18, as on 31<sup>st</sup> March 2019 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also in the Company's Website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) under "Investors Section". For the Dividend Declaration year 2019-20, the information as on 22<sup>nd</sup> November 2019 has been uploaded in the Company's website.
- h) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NACH / NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Share 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 advice the above changes and Transmission of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- i) Shareholders are requested to update their Bank account details with their Depository Participant, if they are holding the shares in Demat and to RTA in case they

are holding the shares in physical. In this connection, the Company has already issued three reminders to all shareholders, who have not updated their PAN and Bank account details of first and sole shareholders of the Company. Once again, the members are advised to update the details with RTA.

- j) Further, the Company draws your attention to the notification issued by SEBI dated June 08, 2018 and the press release dated 3<sup>rd</sup> December 2018 amending Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the amended provisions, any request for effecting transfer of shares in physical form shall not be processed except in case of transmission or transposition of shares unless the shares are held in demat form. Hence, the Company / Registrar and Share Transfer Agent would not be in a position to accept / process the requests for transfer of shares held in physical form with effect from 01.04.2019. Therefore, the Company advises you to take immediate steps for dematerializing your shareholding in the Company. Holding of shares in dematerialized form offers lots of benefits like enhanced security, ease of handling, faster transfers and eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the shares hassle-free, kindly take steps for dematerializing the shares at the earliest.
- k) 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.
- l) In terms of circulars issued by 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. Deletion of Name, Transmission of Shares, Transposition of Shares, etc. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
- m) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made thereunder, the Members holding shares in single name 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 form can be downloaded from the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl).

- n) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 (SS-2) with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this Notice.
- o) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Notice calling the AGM and Annual Report has been uploaded on the website of the Company at <https://hckotharigroup.com/kscl/>. The Notice can also be accessed from the website of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the VC / OAVM facility, Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com). For any communication, the shareholders may also send requests to the Company's investor email id: [secdept@hckgroup.com](mailto:secdept@hckgroup.com)
- p) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can send an e-mail to [secdept@hckgroup.com](mailto:secdept@hckgroup.com) requesting for inspection of the Registers.
- q) The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- r) Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

### Voting Through Electronic Means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations

2015 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company shall provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM through VC or OAVM will be provided by CDSL.

### The instructions for members for remote e-voting are as under:

- (i) The remote e-voting period begins on Friday, 7<sup>th</sup> August 2020 at 9.00 A.M. and ends on Monday, 10<sup>th</sup> August, 2020 at 5.00 P.M. During this period, Members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, 4<sup>th</sup> August 2020 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote through e-voting provided during VC / OAVM.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on "Shareholders" module to cast your votes.
- (v) Now Enter your User ID:

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

- (vi) Then enter the Captcha Code as displayed and Click on Login.
- (vii) 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:

(viii) If you are a first time user follow the steps given below:

| Details                      | 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 (applicable for both Demat shareholders as well as Physical shareholders).<br>Shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is mentioned in the e-mail communication in the PAN field sent by Company / RTA or contact Company / RTA. |                                             |
| Dividend Bank Details or DOB | Enter the Dividend Bank Details or 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 in order to login.<br>If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).                     |                                             |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

(xii) Click on the relevant Company Name i.e. Kothari Sugars and Chemicals Limited on which you choose to vote.

(xiii) 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.

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

(xv) 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.

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

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

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

(xix) If you are registered for CDSL's EASI/EASIEST e-services, you can login at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

(xx) 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 Stores respectively.

(xxi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.

(a) A scanned copy of the Registration Form bearing the stamp and signature of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(b) After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

com and on approval of the accounts they would be able to cast their vote.

- (c) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (d) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer (alagarcs@gmail.com) and to the RTA (murali@cameoindia.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxii) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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:evoting@cdslindia.com) or contact Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

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

**Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this Notice:**

1. For Physical shareholders: Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) through email.
2. For Demat shareholders: Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy

of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) through email.

The above documents need to be sent to the email address of the Company / RTA viz: [secdept@hckgroup.com](mailto:secdept@hckgroup.com) / [murali@cameoindia.com](mailto:murali@cameoindia.com)

**Instructions for shareholders attending the AGM through VC / OAVM are as under:**

1. Shareholders will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / Desktop / IPads for better experience.
3. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable WiFi or LAN Connection to mitigate any kind of aforesaid glitches.
5. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request

**in advance atleast 03** days prior to meeting mentioning their name, demat account number / folio number, email id, mobile number at secdept@hckgroup.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 03 days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at secdept@hckgroup.com

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

**Instructions for shareholders for e-voting during the AGM are as under:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**General**

- a) The remote e-voting period commences on Friday, 7<sup>th</sup> August 2020 at 9.00 A.M. and ends on Monday, 10<sup>th</sup> August 2020 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. Tuesday, 4<sup>th</sup> August, 2020 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or 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.
- c) 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. Tuesday, 4<sup>th</sup> August 2020.
- d) Mr. M. Alagar of M/s. M. Alagar & Associates, (M.No.7488 / CP No.8196) Practising Company Secretary, Chennai, has been appointed as Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- e) The Scrutinizer shall, immediately after the conclusion of voting in the Annual General Meeting held through VC / OAVM, will first count the votes cast in the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of atleast 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 Chairperson or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- f) 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 simultaneously, where the Company's shares are listed.

**Explanatory statement in respect of the special business pursuant to section 102 of the companies act, 2013.****Item No. 3**

The Audit Committee and the Board of Directors of the Company at their meetings held on 17<sup>th</sup> June 2020 appointed Mr. K. Suryanarayanan, Cost Accountant, as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2020-21.

As per the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out in Item No. 3 of the Notice to ratify the remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to Mr. K. Suryanarayanan, Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2020-21 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 17<sup>th</sup> June 2020.

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. 3.

In terms of Regulation 17(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company recommends passing of the Resolution set out in Item No. 3 to the shareholders of the Company.

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

Place : Chennai  
Date : June 17, 2020

**R. Prakash**  
Company Secretary

**ANNEXURE TO THE NOTICE**

THE INFORMATION IN RESPECT OF ITEM NO. 2 IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2 (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ABOUT THE DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER.

| Particulars                                                                                                             | Item No. 2                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of the Director</b>                                                                                             | <b>Arjun B. Kothari</b>                                                                                                                                                                                                                                                                                                                                                                                              |
| Date of Birth                                                                                                           | 11.09.1991                                                                                                                                                                                                                                                                                                                                                                                                           |
| Date of First Appointment on the Board                                                                                  | 08.04.2015                                                                                                                                                                                                                                                                                                                                                                                                           |
| Qualification                                                                                                           | Bachelor of Science, 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 Company, USA as a senior specialist in the management development rotation program. 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.<br>b) Kothari Safe Deposits Ltd.                                                                                                                                                                                                                                                                                                                                                      |
| Chairman / Member of the Committee of the Board of Director of the Company                                              | <b><u>Member</u></b><br>a) Stakeholders Relationship Committee<br>b) Corporate Social Responsibility Committee<br><b><u>Chairman</u></b><br>Investment & Credit Approval Committee                                                                                                                                                                                                                                   |
| Chairman / Member of the Committee of the other companies in which he/she is a Director                                 | <b>In Kothari Petrochemicals Limited as a Member of:</b><br>(a) Stakeholders Relationship Committee<br>(b) Corporate Social Responsibility Committee<br>(c) Technical Committee<br><b>In Kothari Petrochemicals Limited as a Chairman of:</b><br>(a) Investment & Credit Approval Committee<br><b>In Kothari Safe Deposits Limited as a Chairman of:</b><br>(a) Share Transfer Committee<br>(b) Investment Committee |
| Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2020 | 14,400 Equity Shares                                                                                                                                                                                                                                                                                                                                                                                                 |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company                            | Mr. Arjun B. Kothari is son of Mrs. Nina B. Kothari, Chairperson of the Company.                                                                                                                                                                                                                                                                                                                                     |
| Number of meetings attended during the year.                                                                            | Please refer Corporate Governance Section                                                                                                                                                                                                                                                                                                                                                                            |

## BOARD'S REPORT

### To the Members

Your Directors present the 59<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2020.

### Financial Summary & Highlights of the Company

(₹ in Lakhs)

| Financial Performance                                        | 2019 - 2020  | 2018 - 2019  |
|--------------------------------------------------------------|--------------|--------------|
| Net Revenue                                                  | 35,720       | 34,956       |
| Profit/(Loss) before Interest, Depreciation                  | 3,266        | 4,732        |
| Interest                                                     | 702          | 704          |
| Depreciation                                                 | 1,297        | 1,281        |
| Exceptional items                                            | 634          | (465)        |
| Profit/(Loss) Before Tax                                     | 1,901        | 2,281        |
| Tax Adjustments including Deferred Tax                       | (40)         | 1,010        |
| <b>Profit / (Loss) after Tax before comprehensive Income</b> | <b>1,942</b> | <b>1,271</b> |
| Other Comprehensive Income Net of Tax                        | 0.24         | -2           |
| Total Comprehensive Income                                   | 1,942        | 1,269        |

### Sugar Industry Overview

#### World Sugar:

The Sugar production in the world during 2019 - 2020 is expected to be around 180 million MT as against 186 million MT in the previous year. The sugar consumption during 2019 - 2020 is expected to be 186 million MT as against 185.6 million MT in the previous year. The forthcoming sugar year 2020 - 2021 is also expected to be a deficit year.

**India's sugar** production for the Sugar Year 2019 - 2020 is expected to be 27 million MT against previous year's 33.15 million MT. Lesser sugarcane production due to flood in one part and drought in other parts in Maharashtra and Southern India led to the overall reduction in sugar production. As per the preliminary survey, Sugar year 2020 - 2021 is expected to be a surplus year for India as the production is expected to reach around 30 million MT against the consumption of around 26.5 million MT.

**Tamil Nadu** sugar production in the sugar year 2019 - 2020 is expected to be around 0.75 million MT, against previous year's 0.86 million MT. Though last year's rainfall was normal, the sugarcane cultivation has not picked up to the expected level because of severe drought faced during the past seven years which led to reduction in water table in most part of the State.

The Company's command area has received normal rainfall in about 70% of areas and below normal in the remaining area. The water table remains very low like previous years due to continuous and severe drought. This may affect cane availability besides adversely affecting sugar cane yield and recovery.

### Performance of Business Segment

#### Sugar

During the financial year 2019 - 2020, your Company crushed 6,68,906 tons of cane and produced 6,15,620 quintals of sugar as against crushing of 6,61,729 tons and sugar production of 6,21,760 quintals in the previous year. Because of COVID-19, the sugar plant operations were stopped in Kattur from 23<sup>rd</sup> March 2020, for 13 days and in Sathamangalam from 26<sup>th</sup> March 2020, for 5 days and restarted on 7<sup>th</sup> April 2020 in Kattur and 1<sup>st</sup> April 2020 in Sathamangalam based on the directives from the State Government. The average Sugar recovery was 9.04% during financial year 2019 - 2020 as against 9.51% in the previous year.

### Alcohol

Your Company, in the financial year 2019 - 2020 produced 168.53 Lakh litres of alcohol against 154.62 Lakh litres in the previous year. The proactive steps taken by the management in procuring molasses from North India has helped to achieve this additional production. Your Company has supplied 12 lakh litres of Ethanol to Oil Marketing Companies during the marketing year 2018 - 2019. Supply of 7 lakh litres of Ethanol during 2019 - 2020 marketing year will be completed by June 2020.

was 57.963 million units against 55.746 million units for the corresponding period of 2018 - 2019.

### Dividend

The Board of Directors met on 17<sup>th</sup> June 2020 to take account of the full year performance, various growth opportunities and the ongoing pandemic. After reviewing this, the Board of Directors has decided not to recommend any dividend for the year 2019-2020 given the projects that have been lined up and the forward expansion plans.

### Co-generation of Power

During financial year 2019 - 2020, the total power generation

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

#### (a) Conservation of Energy

##### Kattur unit

##### (i) Replacement of Dyno drives with Variable Frequency Drives for cane carrier and Rake Elevator 1 & 2.

- Power consumption with Dyno drives (before modification) : 2160 kwh Per day
- Power consumption with VFD's (after modification) : 1440 kwh per day
- Total Power saving : 720 kwh per day

##### (ii) Replacement of high efficiency planetary drive for return conveyor

- Power consumption with worm type reduction gear drives (before modification.) : 288 kwh Per day
- Power consumption with planetary drive (after modification) : 192 kwh per day
- Total power saving : 96 kwh per day

##### (iii) Replacement of 2 Nos- Vacuum crystalliser's Worm type reduction drive with Planetary drives

- Power consumption with worm type reduction drives ( before modification) : 168 kwh Per day
- Power consumption with Planetary drives (after modification) : 94 kwh per day
- Total Power saving : 74 kwh per day

##### Sathamangalam unit

##### (i) Installation of 37 kw - VFD drive for Boiler Feed water transfer Pump

SK condensate water was diverted directly to de-aerator. Hence, the feed water transfer pump 37 kw operated with 50% of speed and energy saved 25 kwh.

- Power Consumption ( before modification) : 888 kwh per day
- Power consumption (after modification) : 288 kwh per day
- Total power saving : 600 kwh per day

**(ii) Installation of 37 kw - VFD drive for Clear Juice Pump**

- Power consumption without VFD : 888 kwh per day
- Power consumption with VFD : 528 kwh per day
- Total power saving : 360 kwh per day

**(b) Technology absorption**

- (i) Sugar colour at both Kattur and Sathamangalam plants has been improved to below 50 ICUMSA level as against the industry norm of below 100 ICUMSA. This has been achieved through in-house R & D efforts. This is one of the best sugar colours achieved through double-sulphitation process in the sugar industry.
- (ii) The Company facilitated entrepreneurs in our sugarcane command area to procure 3 nos of sugarcane harvesters during 2019 - 2020 financial year, thereby became no.1 sugar group in Tamilnadu, operating more no. of harvesters and reducing the dependence on manual labour for sugarcane harvest. This also reduces the cost of sugarcane cultivation to the farmer.

**(c) Ongoing projects****(i) Ethanol storage tanks:**

As per the recently amended PESO (Petroleum and Explosives Safety Organisation) norms, distilleries are required to provide storage facilities separately for storing the ethanol produced and have a license from PESO. In order to comply with these norms, your Company has completed the installation of 2 storage tanks having capacity of 300 KL each.

**(ii) Multi Effect Evaporator system:**

In order to reduce the effluent (spent wash) quantity by 60%, your Company installed and commissioned the multiple effect evaporator system in February'20. Concentrated spent wash from this evaporator system will be utilised for bio-compost manufacturing process.

**(iii) Bio - Digester:**

To meet the steam requirement of the proposed multiple effect evaporator system, a new bio-digester has been installed in the distillery unit to generate additional bio-gas by using the spent wash coming out from distillation plant. This additional bio-gas will be used in the boiler to generate additional steam to meet the steam demand of multiple effect evaporator system. This system was commissioned during March'2020.

**(d) Foreign exchange earnings and Outgo**

(₹ in Lakhs)

| Sl. No. | Particulars                    | 2019 - 2020 | 2018 - 2019 |
|---------|--------------------------------|-------------|-------------|
| (i)     | Total Foreign Exchange earned  | -           | -           |
| (ii)    | Total Foreign Exchange outflow | 50.01       | 47.38       |

**Awards and Recognition****(a) BHARATIYA Sugar Award:**

**Sathamangalam unit** was awarded Best Overall Performance of Sugar Mill award for the year 2018 - 2019.

**(b) SISSTA Awards:**

**Sathamangalam unit** was awarded in the following categories based on 2018 - 2019 Operations:

- (i) Golden Award - for "Best Sugarcane Development".
- (ii) Platinum Award - for "Best Technical Efficiency".

**New Products:**

Though we have faced difficult time during the COVID-19 lockdown period to mobilise the required manpower to operate our plants, we could also foresee an opportunity for the sanitiser business. Your Company could start manufacturing and delivering the liquid hand sanitiser from March 2020 after obtaining appropriate approvals under three brands namely, Sani-ko, Sani-care and Sani-clean. The products have received immediate acceptance in the market.

**Board Meetings**

During the year 04 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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Directors and Key Managerial Personnel**

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.

Mr. Arjun B. Kothari, Managing Director, Mr. M. Silvester Goldwin, Whole Time Director, Mr. R. Krishnan, Chief

Financial Officer and Mr. R. Prakash, Company Secretary are the Key Managerial Personnel of the Company as per section 203 of the Companies Act, 2013.

#### **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 and Regulation 16 of the SEBI (LODR) Regulations, 2015 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6) including the confirmations that their names inclusion in the Data Bank.

During the year under review, the Independent Directors met on February 13, 2020 without the presence of Non-Independent Directors and members of the Management.

#### **Composition of Audit Committee**

The details of composition of Audit Committee are provided in Corporate Governance Report of this Annual Report. The Board has not rejected any proposal / recommendations of 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 salient features of the Remuneration Policy are stated in the Corporate Governance Report. The Remuneration Policy approved by the Board of Directors is posted on the website of the Company [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

#### **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 of Prevention of Insider Trading with a view to regulate trading in securities by the Directors and the Designated Persons of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the Designated Persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

#### **Directors' Responsibility Statement**

In terms of Section 134(5) of the Companies Act, 2013, the

Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) 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.

#### **Share Capital**

The paid-up equity share capital of the Company as on March 31, 2020 was ₹ 8,288.86 Lakhs. The Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity.

#### **Sale of Investment made in the group Company**

After careful consideration and assessing the requirement of funds for managing the cash crunch and for meeting the working capital and also for internal debt restructuring process, during the financial year 2019 - 2020, the Company has divested its existing investments of 10.30 % in M/s. Kothari Petrochemicals Limited (KPL). The disposal was done on the market value which realised ₹ 10.03 Crores.

#### **Repayment of outstanding Zero-Coupon Bonds / Debentures and Term Loans**

As per the requirement of AAIFR's sanctioned order, interest free Zero Coupon Bonds / Debentures / Term Loans were repayable during June 2007 to June 2014 in 28 quarterly instalments and another tranche of repayment on the expiry of 25 years from the date of sanction of the Scheme i.e. by end of June 2029. The first tranche of loan repayment

during June 2007 to June 2014 were fully discharged in favour of the lenders amounting to ₹ 34.75 Crores. The second tranche of outstanding amount of debts payable during Jun 2029 is ₹ 34.75 Crores.

After considering all factors including the falling rate of returns in Mutual Fund investments, the capability of servicing the full repayment of ₹ 34.75 crore in the form of Term Loans and Debentures / Zero Coupon Bonds in 2029, it was considered prudent to liquidate the required level of investments to meet the one-time settlement of all outstanding debenture, ZCB and secured/unsecured loan due to body corporates at the discounted rate ranging from 6.50% to 6.75 % as mutually agreed between the Company and its Lenders, based on the current benchmark interest levels. The resultant outflow on account of this as full and final settlement was around ₹ 19.92 crores.

#### **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.

#### **Auditors**

##### **a) Statutory Auditors**

M/s. P. Chandrasekar LLP, Chartered Accountants (Registration No.000580S/S200066), have been appointed as statutory auditors of the Company till the conclusion of 61<sup>st</sup> Annual General Meeting.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have 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 and the remuneration payable to the Cost Auditor is required to be ratified by the Members in a general meeting. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr. K. Suryanarayanan, Cost

Accountant is included at Item No. 03 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, of M/s. M. Alagar and Associates, Chennai, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is forming part of this Annual Report. The Secretarial Report does not contain any qualification or observations.

#### **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, hence, there were no outstanding deposits during and at the end of the financial year 2019 - 2020.

#### **Significant and Material Orders Passed by the Regulators**

There are no significant and 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 Audit function is carried out by an independent firm 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 Auditor attends the Audit Committee meetings.

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 general investments made by the Company are given in the notes to the financial statements.

### Risk Management

Pursuant to the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. Accordingly, the Company periodically submits the Risk Management Review Report to the Board for its 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 (CSR) Committee 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. A detailed Report on CSR activities in the prescribed format is forming part of this Annual Report.

### Related Party Transactions

All related party transactions entered 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, and therefore disclosure in form AOC-2 is not required.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the

transactions which are foreseen and repetitive in nature. For all the transactions entered pursuant to the omnibus approval so granted, a statement giving details of all such transactions is placed before the Audit Committee for their approvals 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).

### Annual Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance Evaluation of the Board, its Committees and of individual directors in 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, reviewed the performance of the Chairperson of the Company and also assessed 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

| Filing of Cost Audit Report   | 2019-2020                                      | 2018-2019                                      |
|-------------------------------|------------------------------------------------|------------------------------------------------|
| Due Date                      | 27.09.2020                                     | 27.09.2019                                     |
| Actual Date                   | 30.08.2020 (Tentatively)                       | 29.08.2019                                     |
| Cost Auditor Details          | Mr. K. Suryanarayanan,<br>M.No. 24946, Chennai | Mr. K. Suryanarayanan,<br>M.No. 24946, Chennai |
| Audit Qualification in Report | Nil                                            | Nil                                            |

### Listing with Stock Exchanges

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTARISUG & ISIN INE419A01022. The Company confirms that it has paid the Annual Listing Fees for the year 2020 - 2021 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 Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report. All applicable Secretarial Standards have been complied.

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

### Management Discussion and Analysis Report

A detailed discussion on the industry structure (dealing with world sugar and Indian sugar) as well as on the financial and operational performance is contained in the 'Management Discussion and Analysis Report' that forms an integral part of this Report.

### Particulars of Employees

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

### 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: Except Mr. Arjun B. Kothari, Managing Director and Mr. M. Silvester Goldwin, Whole Time Director of the Company, no other director was in receipt of remuneration except sitting fees.

| Sl. No. | Name                     | Designation         | Ratio |
|---------|--------------------------|---------------------|-------|
| (i)     | Mr. Arjun B. Kothari (*) | Managing Director   | 20:1  |
| (ii)    | Mr. M. Silvester Goldwin | Whole Time Director | 22:1  |

(\*) Mr. Arjun B. Kothari was re-appointed as Managing Director with effect from September 01, 2019.

- 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       | -                      |
| (ii)    | Mr. M. Silvester Goldwin | Whole Time Director     | 14%                    |
| (iii)   | Mr. R. Krishnan          | Chief Financial Officer | 12%                    |
| (iv)    | Mr. R. Prakash           | Company Secretary       | 12%                    |

- c) 7.28% increase has been reported in the median remuneration of employees in the financial year.
- d) The number of permanent employees on the rolls of the company as on 31<sup>st</sup> March 2020 : 476.
- e) 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 varying range of 6 to 20% and for KMP the increase was in the varying range of 12 to 14% for the year.*

- f) We affirm that the remuneration paid during the period under review is as per the Remuneration Policy of the company.

### 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 / ZCB Holders, Farmers, Financial Institutions, Government Authorities, Suppliers and Shareholders for their continued support. Your directors also place on record their appreciation for the services rendered by the employees of the Company.

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

**Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) of Managerial Personnel Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020.**

| Sl. No | Name                 | Designation             | Qualification                                                                                                                     | Gross Remuneration (₹ In Lakhs) | Nature of Employment (Contractual or otherwise) | Date of Commencement of Employment | Age (in years) | Experience | Last or previous employment     | No. of Equity Shares held | Relative of Director or Manager                                                     |
|--------|----------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------|------------------------------------|----------------|------------|---------------------------------|---------------------------|-------------------------------------------------------------------------------------|
| 1      | Arjun B Kothari*     | Managing Director       | B.Sc. Northwestern University, USA & Global Health and European Politics from Paris Institute of Political Studies, Paris, France | 35.00                           | Permanent                                       | 08.04.2015                         | 28             | 6          | General Electric Company, USA   | 14,400                    | Mr. Arjun B. Kothari is the son of Mrs. Nina B. Kothari, Chairperson of the company |
| 2      | Silvester Goldwin. M | Whole Time Director     | B.Tech. (Mechanical)                                                                                                              | 67.86                           | Permanent                                       | 27.07.1998                         | 52             | 32         | Militech Engineers              | -                         | -                                                                                   |
| 3      | Krishnan Ranganathan | Chief Financial Officer | B.COM., ICWA (Inter)                                                                                                              | 32.97                           | Permanent                                       | 23.10.2009                         | 55             | 34         | TTK Ltd.                        | -                         | -                                                                                   |
| 4      | Anthony John Bosco** | General Manager - Cane  | B.Sc. (Agri), MBA (Marketing)                                                                                                     | 9.35                            | Permanent                                       | 11.12.2019                         | 55             | 32         | CNH Industrial (India) Pvt.Ltd. | -                         | -                                                                                   |
| 5      | Sathyanarayanan. D   | Head - Tech Services    | B.E. (Mechanical) B.O.E., AVSI                                                                                                    | 30.38                           | Permanent                                       | 01.08.2016                         | 50             | 28         | Prudential Sugars               | -                         | -                                                                                   |
| 6      | Prakash. R           | Company Secretary       | M.com., FCS, LLB                                                                                                                  | 29.99                           | Permanent                                       | 01.05.2010                         | 43             | 13         | Kothari Petrochemicals Ltd.     | -                         | -                                                                                   |
| 7      | Ramachandran. V      | General Manager         | B.E., (Mech), B.O.E., M.Tech. (Enviro Engg)                                                                                       | 25.29                           | Permanent                                       | 19.08.1994                         | 54             | 30         | Veesons Energy Systems          | -                         | -                                                                                   |
| 8      | Karthikeyan P        | Manager TLS             | B.E. (Instrumentation)                                                                                                            | 20.45                           | Permanent                                       | 04.06.2007                         | 38             | 17         | Mawana Sugars                   | 6000                      | -                                                                                   |
| 9      | Pushparaj. S         | DGM Distillery          | M.Sc. Environmental Science                                                                                                       | 19.17                           | Permanent                                       | 14.08.2000                         | 51             | 28         | Mohan Breweries                 | -                         | -                                                                                   |
| 10     | P. Ilavarasan        | AGM Cane                | B.Sc. Agri                                                                                                                        | 16.15                           | Permanent                                       | 09.02.1999                         | 47             | 24         | Northern Minerals Ltd.          | -                         | -                                                                                   |

**Notes:**

- (\*) Mr. Arjun B. Kothari reappointed as Managing Director with effect from September 01, 2019.
- (\*\*) Mr. Anthony John Bosco was appointed as General Manager - Cane with effect from December 11, 2019.
- Remuneration shown above includes salary, bonus, and contribution to provident fund, superannuation fund and perquisites valued as per Income Tax Rules, wherever applicable and in other cases at actual cost to the Company.

**Form No. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March 2020**

[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,<br>Nungambakkam, Chennai - 600 034.<br>Phone No.: 044-30251595/30225507<br>Fax No.: 044-28334560<br>e-mail : secdept@hckgroup.com                                                         |
| Whether Listed Company                                                  | Yes                                                                                                                                                                                                                                          |
| Name, Address and Contact details of Registrar and Share Transfer Agent | M/s. Cameo Corporate Services Limited,<br>Subramanian Buildings, 5 <sup>th</sup> Floor,<br>No.1, Club House Road, Chennai - 600 002.<br>Phone No.: 044 - 28460390 to 28460394<br>Fax No.: 044 - 28460129<br>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                             | 56.12%                             |
| (ii)    | Distillery                                       | 11019                             | 26.28%                             |

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

| Sl. No. | Name and Address of the Company                                                                                                                | CIN / GLN                 | Holding / Subsidiary / Associates | % of Shares held | Applicable Section |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------|------------------|--------------------|
| (i)     | Parvathi Trading and Finance Company Private Limited<br>Kothari Buildings, No.117,<br>Mahatma Gandhi Road,<br>Nungambakkam, Chennai - 600 034. | U65191TN1989<br>PTC017390 | Holding                           | 70.20%           | 2(46)              |

## 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 |                             |
| <b>A.</b> | <b>Promoter</b>                                                             |                                                 |          |                    |                   |                                           |          |                    |                   |                             |
| <b>1</b>  | <b>Indian</b>                                                               |                                                 |          |                    |                   |                                           |          |                    |                   |                             |
| (a)       | Individual / Hindu Undivided Family                                         | 27,20,923                                       | -        | 27,20,923          | 3.28              | 27,20,923                                 | -        | 27,20,923          | 3.28              | -                           |
| (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)                                                         | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
|           | <b>Sub-Total (A)(1)</b>                                                     | <b>6,09,07,533</b>                              | <b>-</b> | <b>6,09,07,533</b> | <b>73.48</b>      | <b>6,09,07,533</b>                        | <b>-</b> | <b>6,09,07,533</b> | <b>73.48</b>      | <b>-</b>                    |
| <b>2</b>  | <b>Foreign</b>                                                              |                                                 |          |                    |                   |                                           |          |                    |                   |                             |
| (a)       | Individuals (Non-Resident Individuals / Foreign Individuals)                | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
| (b)       | Bodies Corporate                                                            | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
| (c)       | Institutions                                                                | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
| (d)       | Qualified Foreign Investors (QFIs)                                          | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
| (e)       | Any Other (specify)                                                         | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
|           | <b>Sub-Total (A)(2)</b>                                                     | <b>-</b>                                        | <b>-</b> | <b>-</b>           | <b>-</b>          | <b>-</b>                                  | <b>-</b> | <b>-</b>           | <b>-</b>          | <b>-</b>                    |
|           | <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b> | <b>6,09,07,533</b>                              | <b>-</b> | <b>6,09,07,533</b> | <b>73.48</b>      | <b>6,09,07,533</b>                        | <b>-</b> | <b>6,09,07,533</b> | <b>73.48</b>      | <b>-</b>                    |

| 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. 1</b> | <b>Public shareholding Institutions</b>                                                                                                                                        |                                                        |                                |                                                        |                                              |                                                     |                                |                                                     |                                              |                                       |
| (a)         | Mutual Funds / UTI                                                                                                                                                             | 35                                                     | 290                            | 325                                                    | 0.00                                         | 35                                                  | 290                            | 325                                                 | 0.00                                         | -                                     |
| (b)         | Financial Institutions / Banks                                                                                                                                                 | -                                                      | 33                             | 33                                                     | 0.00                                         | 27                                                  | 33                             | 60                                                  | 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>22,57,498</b>                                       | <b>10,673</b>                  | <b>22,68,171</b>                                       | <b>2.73</b>                                  | <b>22,57,525</b>                                    | <b>10,673</b>                  | <b>22,68,198</b>                                    | <b>2.73</b>                                  | -                                     |
| <b>2</b>    | <b>Non-institutions</b>                                                                                                                                                        |                                                        |                                |                                                        |                                              |                                                     |                                |                                                     |                                              |                                       |
| (a)         | Bodies Corporate                                                                                                                                                               | 46,33,066                                              | 3,584                          | 46,36,650                                              | 5.59                                         | 41,73,800                                           | 3,584                          | 41,77,384                                           | 5.04                                         | (0.55)                                |
| (b)         | Individuals -<br>(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.<br>(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 87,23,515                                              | 74,865                         | 87,98,380                                              | 10.61                                        | 87,64,302                                           | 73,297                         | 88,37,599                                           | 10.66                                        | 0.05                                  |
| (c)         | Any Other<br>(i) Directors & Relatives<br>(ii) Non-Resident Indians (NRI's)<br>(iii) Clearing Members<br>(iv) Hindu Undivided families<br>(v) Trusts<br>(vi) Foreign Nationals | 40,491<br>3,29,328<br>12,606<br>9,80,337<br>1,025<br>9 | 474<br>172<br>-<br>-<br>-<br>- | 40,965<br>3,29,500<br>12,606<br>9,80,337<br>1,025<br>9 | 0.05<br>0.40<br>0.02<br>1.18<br>0.00<br>0.00 | 40,572<br>4,06,363<br>54,703<br>9,58,572<br>25<br>9 | 393<br>172<br>-<br>-<br>-<br>- | 40,965<br>4,06,535<br>54,703<br>9,58,572<br>25<br>9 | 0.05<br>0.50<br>0.06<br>1.15<br>0.00<br>0.00 | -<br>0.10<br>0.04<br>(0.03)<br>-<br>- |
|             | <b>Sub-Total (B)(2)</b>                                                                                                                                                        | <b>1,96,33,781</b>                                     | <b>79,095</b>                  | <b>1,97,12,876</b>                                     | <b>23.78</b>                                 | <b>1,96,35,403</b>                                  | <b>77,446</b>                  | <b>1,97,12,849</b>                                  | <b>23.78</b>                                 | -                                     |
|             | <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                                                                                                             | <b>2,18,91,279</b>                                     | <b>89,768</b>                  | <b>2,19,81,047</b>                                     | <b>26.52</b>                                 | <b>2,18,92,928</b>                                  | <b>88,119</b>                  | <b>2,19,81,047</b>                                  | <b>26.52</b>                                 | -                                     |
|             | <b>TOTAL (A)+(B)</b>                                                                                                                                                           | <b>8,27,98,812</b>                                     | <b>89,768</b>                  | <b>8,28,88,580</b>                                     | <b>100.00</b>                                | <b>8,28,00,461</b>                                  | <b>88,119</b>                  | <b>8,28,88,580</b>                                  | <b>100.00</b>                                | -                                     |
| <b>C.</b>   | Shares held by Custodians and against which Depository Receipts have been issued<br>(i) Promoter and Promoter Group<br>(ii) Public                                             | -<br>-                                                 | -<br>-                         | -<br>-                                                 | -<br>-                                       | -<br>-                                              | -<br>-                         | -<br>-                                              | -<br>-                                       | -<br>-                                |
|             | <b>GRAND TOTAL (A)+(B)+(C)</b>                                                                                                                                                 | <b>8,27,98,812</b>                                     | <b>89,768</b>                  | <b>8,28,88,580</b>                                     | <b>100.00</b>                                | <b>8,28,00,461</b>                                  | <b>88,119</b>                  | <b>8,28,88,580</b>                                  | <b>100.00</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                 | 26,83,498                                       | -        | 26,83,498          | 3.24              | 26,83,498                                 | -        | 26,83,498          | 3.24              | -                           |
| (iii)   | Nayantara B. Kothari                     | 23,025                                          | -        | 23,025             | 0.03              | 23,025                                    | -        | 23,025             | 0.03              | -                           |
| (iv)    | Arjun B. Kothari                         | 14,400                                          | -        | 14,400             | 0.02              | 14,400                                    | -        | 14,400             | 0.02              | -                           |
| (v)     | Anandita Kothari                         | -                                               | -        | -                  | -                 | -                                         | -        | -                  | -                 | -                           |
|         | <b>Total</b>                             | <b>6,09,07,533</b>                              | <b>-</b> | <b>6,09,07,533</b> | <b>73.49</b>      | <b>6,09,07,533</b>                        | <b>-</b> | <b>6,09,07,533</b> | <b>73.49</b>      | <b>-</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 |
| At the beginning of the year                                                                                                                                                | No Changes                                      |                                  |                                         |                                  |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc) |                                                 |                                  |                                         |                                  |
| <b>At the end of the year</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       | JM Financial Services Limited              | 20,78,964                                 | 2.51                             | 19,09,716                           | 2.30                             |
| 3       | Infotel Business Solutions Limited         | 5,45,000                                  | 0.66                             | 5,45,000                            | 0.66                             |
| 4       | Indsec Sec. & Fin. Ltd.                    | 5,43,500                                  | 0.66                             | 5,43,500                            | 0.66                             |
| 5       | Arizona Global Services Private Limited    | 5,40,000                                  | 0.65                             | 5,40,000                            | 0.65                             |
| 6       | Nehang J Pandya                            | 2,94,083                                  | 0.35                             | 2,94,083                            | 0.35                             |
| 7       | Sameer Rajaram Gaikwad                     | 2,03,372                                  | 0.25                             | 2,03,372                            | 0.25                             |
| 8       | Kirti Jamnadas Doshi                       | 1,71,900                                  | 0.21                             | 1,88,126                            | 0.23                             |
| 9       | Bharati Bharat Dattani                     | 2,30,268                                  | 0.28                             | 1,51,106                            | 0.18                             |
| 10      | Dhwaja Shares & Securities Private Limited | 1,34,388                                  | 0.16                             | 1,34,388                            | 0.16                             |

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

| For Each of the Directors |                                                          |                                           |                                  |                                     |                                  |
|---------------------------|----------------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| Sl. No.                   | Name of the 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                                     | 26,83,498                                 | 3.24                             | 26,83,498                           | 3.24                             |
| 2                         | Mr. Arjun B. Kothari                                     | 14,400                                    | 0.02                             | 14,400                              | 0.02                             |
| 3                         | Mr. M. Silvester Goldwin                                 | -                                         | -                                | -                                   | -                                |
| 4                         | Mr. P.S. Balasubramaniam                                 | 505                                       | 0.00                             | 505                                 | 0.00                             |
| 5                         | Mr. V.R. Deenadayalu                                     | -                                         | -                                | -                                   | -                                |
| 6                         | Mr. P.S. Gopalakrishnan                                  | -                                         | -                                | -                                   | -                                |
| 7                         | Mr. C.V. Krishnan                                        | -                                         | -                                | -                                   | -                                |
| For Each of the KMP       |                                                          |                                           |                                  |                                     |                                  |
| 1                         | Mr. R. Prakash<br>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<br>excluding deposits | Unsecured<br>Loans | Deposits | Total Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                    |
| i) Principal Amount                                        | 11,813.34                           | 623.15             | -        | 12,436.49          |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | 93.69                               | -                  | -        | 93.69              |
| <b>Total (i+ii+iii)</b>                                    | <b>11,907.03</b>                    | <b>623.15</b>      | <b>-</b> | <b>12,530.18</b>   |
| <b>Change in Indebtedness during the Financial Year</b>    |                                     |                    |          |                    |
| Addition                                                   | 2,565.35                            | -                  | -        | 2,565.35           |
| Reduction                                                  | 6,118.58                            | 623.15             | -        | 6,741.73           |
| <b>Net Change</b>                                          | <b>(3,553.23)</b>                   | <b>(623.15)</b>    | <b>-</b> | <b>(4,176.38)</b>  |
| <b>Indebtedness at the end of the Financial year</b>       |                                     |                    |          |                    |
| i) Principal Amount                                        | 8,353.80                            | -                  | -        | 8,353.80           |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                          | 16.84                               | -                  | -        | 16.84              |
| <b>Total (i+ii+iii)</b>                                    | <b>8,370.64</b>                     | <b>-</b>           | <b>-</b> | <b>8,370.64</b>    |

**VI) Remuneration of Directors and Key Managerial Personnel**
**(A) Remuneration to Managing Director, Whole Time Director and / or Manager.**

(₹ in Lakhs)

| Sl. No.          | Particulars of Remuneration                                                                  | Name of the Directors                    |                                             |
|------------------|----------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------|
|                  |                                                                                              | Arjun B. Kothari(*)<br>Managing Director | M. Silvester Goldwin<br>Whole Time Director |
| 1                | Gross Salary                                                                                 | 35.00                                    | 67.86                                       |
|                  | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961          |                                          |                                             |
|                  | (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 / Sweat Equity / Commission (as % of Profit & Others) / Others, Please specify | -                                        | -                                           |
| <b>Total (A)</b> |                                                                                              | <b>35.00</b>                             | <b>67.86</b>                                |

(\*) Mr. Arjun B. Kothari was re-appointed as Managing Director with effect from September 01, 2019.

**(B) Remuneration to Other Directors**
**1. Independent Directors**
**(Amount in ₹)**

| Sl. No.           | Particulars of Remuneration                            | Name of the Directors |                  |                      |               |                       |
|-------------------|--------------------------------------------------------|-----------------------|------------------|----------------------|---------------|-----------------------|
|                   |                                                        | P.S. Bala subramaniam | V.R. Deenadayalu | P.S. Gopala krishnan | C.V. Krishnan | Total Amount<br>In. ₹ |
| 1                 | Sitting fee for attending Board and Committee Meetings | 2,40,000              | 2,30,000         | 2,40,000             | 70,000        | 7,80,000              |
| 2                 | Commission / Others, please specify                    | -                     | -                | -                    | -             | -                     |
| <b>Total (B1)</b> |                                                        | <b>2,40,000</b>       | <b>2,30,000</b>  | <b>2,40,000</b>      | <b>70,000</b> | <b>7,80,000</b>       |

## 2. Other Non Executive Directors

| Sl. No.                     | Particulars of Remuneration                            | Name of the Director |                    |
|-----------------------------|--------------------------------------------------------|----------------------|--------------------|
|                             |                                                        | Mrs. Nina B Kothari  | Total Amount In. ₹ |
| 1                           | Sitting fee for attending Board and Committee Meetings | 90,000               | 90,000             |
| 2                           | Commission / Others, Please specify                    | -                    | -                  |
| Total (B) (2)               |                                                        |                      | 90,000             |
| Total (B) = (B)(1) + (B)(2) |                                                        |                      | 8,70,000           |

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

| Sl. No.   | Particulars of Remuneration                                                            | Name of Key Managerial Personnel (KMP)                         |                                               |                     |
|-----------|----------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------|---------------------|
|           |                                                                                        | Mr. R. Prakash<br>Company<br>Secretary &<br>Compliance Officer | Mr. R. Krishnan<br>Chief Financial<br>Officer | Total<br>₹ in Lakhs |
| 1         | Gross Salary                                                                           |                                                                |                                               |                     |
|           | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961    | 28.96                                                          | 32.97                                         | 61.93               |
|           | (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961               | 1.03                                                           | --                                            | 1.03                |
|           | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961          | --                                                             | --                                            | --                  |
| 2         | Stock Options/Sweat Equity/Commission (as % of Profit & Others) others, Please specify | --                                                             | --                                            | --                  |
| Total (C) |                                                                                        | 29.99                                                          | 32.97                                         | 62.96               |

## VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended March 31, 2020.

## 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, Kothari Sugars and Chemicals Limited (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 programs 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/sites/default/files/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 of the Directors          | Designation                                   |
|---------|--------------------------------|-----------------------------------------------|
| (i)     | Mrs. Nina Bhadrashayam Kothari | Chairperson (Non-Executive & Non-Independent) |
| (ii)    | Mr. Arjun B. Kothari           | Member (Executive & Non-Independent)          |
| (iii)   | Mr. P.S. Balasubramaniam       | Member (Independent)                          |
| (iv)    | Mr. P.S. Gopalakrishnan        | Member (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)     | 2018-2019                        | 1,527.37          |
| (ii)    | 2017-2018                        | 226.49            |
| (iii)   | 2016-2017                        | 1,223.92          |
|         | <b>Total</b>                     | <b>2,977.78</b>   |
|         | <b>Average Annual Net Profit</b> | <b>992.59</b>     |

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

2% of Average Net Profit works out to ₹ 19.85 Lakhs

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

- (a) Total amount to be spent for the financial year : ₹ 19.85 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. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

**Place :** Chennai  
**Date :** June 17, 2020

**Nina B. Kothari**  
 Chairperson CSR Committee

**Arjun B. Kothari**  
 Managing Director

**Manner in which the amount spent on CSR activities during the financial year**

| Sl. No. | CSR Project or activity identified                                                                                                             | Sector in which the Project is covered     | Projects or programs<br>1) Local area or other<br>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<br>Sub-heads:<br>1) Direct expenditure on projects or programs<br>2) Overheads | Cumulative expenditure upto the reporting period   | Amount Spent: Direct or through implementing agency (*)                                                     |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 1       | Spent towards constructing additional classrooms / Staircase in the HCK Balavihar 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, Tamil Nadu.        | ₹ 19.85 Lakhs                                   | Direct Expenditure of ₹ 20 Lakhs                                                                                        | ₹ 20 Lakhs spent during the financial year 2019-20 | An amount of ₹ 20 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 was constituted on 24.06.2010 and received the exemption under Section 80G of the Income Tax Act, 1961.<br><br>Experience: Since the inception the Trust was involved in the activities of developing and improving the Education. They are having the experience in constructing the school building. |

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

For the Financial Year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**Kothari Sugars and Chemicals Limited**

Kothari Buildings, No.115, Mahatma Gandhi Salai,  
Nungambakkam, Chennai - 600 034.

We have conducted the Secretarial Audit in 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's 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, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2020 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the Financial Year ended March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 and the rules made thereunder; as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; as amended from time to time;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;
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, as amended from time to time; (Not applicable to the Company during the audit period)

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); as amended from time to time;

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding dealing with client;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. (Not applicable to the Company during the audit period)

6. We have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') as mandated by the Companies Act, 2013.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

**We report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof

on test check-basis, the Company has complied with the following Labour and Industrial Laws specifically applicable to the Company, as listed below, as amended from time to time;

1. Essential Commodities Act, 1955, and orders issued thereunder
2. Environmental Protection Act, 1986
3. Food safety and standards Act, 2006
4. The Factories Act, 1948
5. The Sugar Cess Act, 1982
6. The Sugarcane Control (Order), 1966
7. Sugar Development Fund Act, 1982
8. The Sugar (Packing and Marketing) Order, 1970
9. The Boiler Act, 1923
10. The Legal Metrology Act, 2009
11. The Tamil Nadu Molasses Control and Regulation Rules, 1958
12. The Tamilnadu Sugarcane (Regulations of Purchase Price) Act, 2018
13. Tamilnadu Tax on consumption or sale of Electricity Act, 2003
14. The Contract Labour (Regulation and Abolition) Act, 1970
15. The Employees Compensation Act, 1923
16. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952
17. The Employees' State Insurance Act, 1948
18. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
19. The Equal Remuneration Act, 1976 and The Equal Remuneration Rules, 1976
20. The Industrial Disputes Act, 1949
21. The Maternity Benefit Act, 1961
22. The Minimum Wages Act, 1948
23. The Payment of Bonus Act, 1965
24. The Payment of Gratuity Act, 1972
25. The Payment of Wages Act, 1936
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
27. The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act, 1981
28. The Tamil Nadu Labour Welfare Fund Act, 1972
29. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
30. The Tamil Nadu Shops and Establishments Act, 1947
31. The Tamil Nadu Tax on Professions, Trades & Callings and Employments Act, 1992

### 32. The Maharashtra Shops And Establishments (Regulation Of Employment And Conditions of Service) Act, 2017

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman 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 or as the case may be, 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.

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

**We further report that** during the audit period -

1. The Board of Directors of the Company at their meeting held on February 13, 2020 approved to make full and final settlement of outstanding Zero Coupon Bonds, Debentures and Term Loan, which was enable by the provisions under Scheme sanctioned by AAFIR vide its order dated June 17, 2004. Accordingly, it was mutually agreed on discounted rate, amount not exceeding ₹ 19.92 crores as against ₹ 34.75 corers due in the year 2029.
2. The Board of Directors of the Company at their meeting held on February 13, 2020 approved the sale of 60,58,000 Equiry Shares out of 60,59,000 Equity shares held in Kothari Petrochemicals Limited (KPL) constituting 10.30% of the paid-up capital of KPL. Based on approval from the Board, during the period under review, the Company has sold 60,58,000 equity shares by way of an inter-se transfer among the promoters of the Company. Pursuant to inter-se transfer Company's shareholding is reduced to 1,000 Equity shares in KPL.

**For M. Alagar & Associates  
(Practicing Company Secretaries)**

**M. Alagar**  
 Managing Partner  
 FCS No: 7488  
 C P No: 8196  
 UDIN : F007488B000299714

Place : Chennai

Date : May 29, 2020

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

**‘Annexure A’**

To,

**The Members**

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M. Alagar & Associates**  
**(Practicing Company Secretaries)**

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

Place : Chennai  
Date : May 29, 2020

## Management Discussion and Analysis

### Industry Structure and Development

#### World Sugar

The world sugar production during the 2019-20 Sugar year is expected to be around 180 million MT against 186 million MT in the previous year. In the Sugar year 2019-2020, the consumption is expected to be around 186 million MT against 185.6 million MT in the previous year which leads to a deficit of around 6 million MT during 2019-2020. This is mainly on account of decrease in production in Brazil, India and Thailand. Similarly, 2020-2021 sugar year is also expected to be a deficit year, though Brazil and India are expected to produce more sugar than 2019-2020, production in Thailand is expected to reduce further because of unfavourable climatic conditions. Hence, the overall estimated sugar production for the sugar year 2020-2021 is around 178 million MT.

Changes in oil and energy prices will have significant impact on the sugar cane utilization for production of ethanol in major ethanol producing countries like Brazil, which will greatly influence the sugar market.

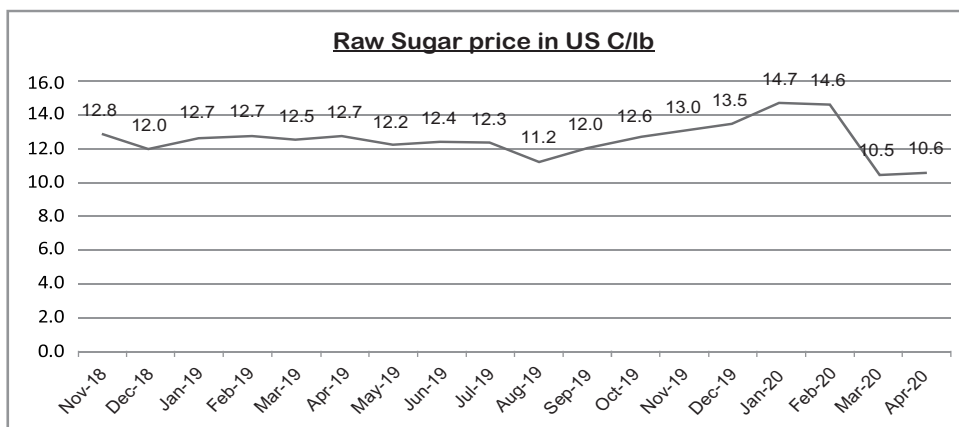
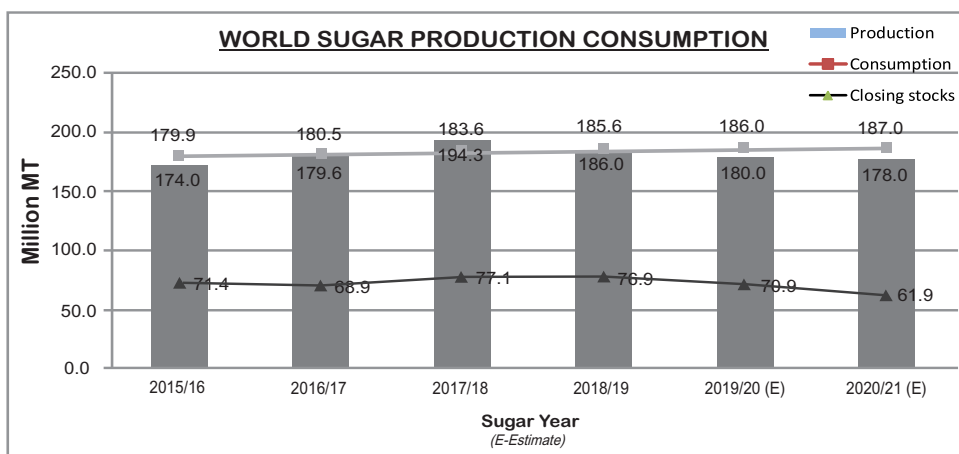
The overall financial impact on account of Covid-19 for the period under review is not considered material to

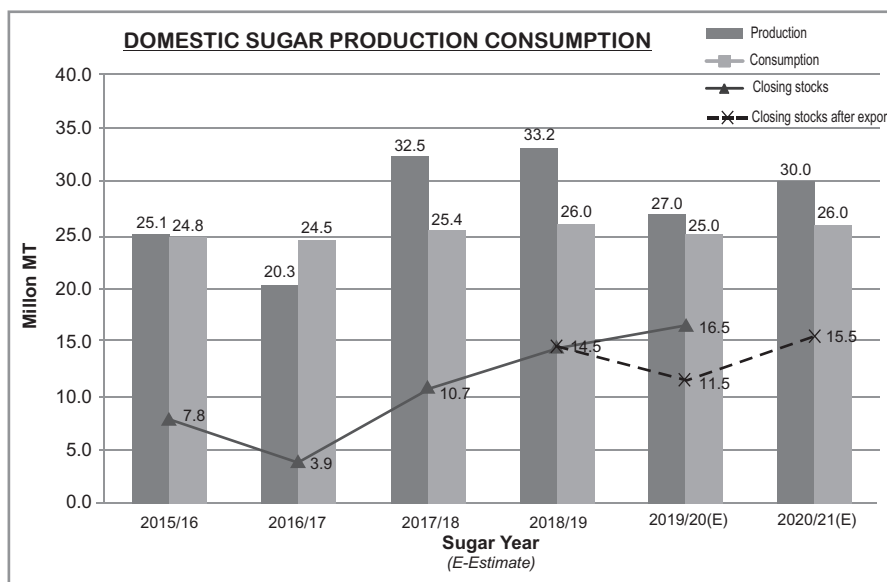
your company. However, any further significant impact of Covid-19 pandemic or material development on the business, performance and financials has to be tested on the subsequent period. But, there will be pressure on the sugar price due to reduction of consumption and piling of stocks due to this Pandemic.

#### Indian Sugar

In the sugar year 2019-2020, India's sugar production is expected to be around 27 million MT as against last year's 33.15 million MT. The sugar consumption in 2019-2020 is estimated at 25 Million MT against last year's 25.5 Million MT. The main reason for this reduction in sugar production is that the country's second largest producer, Maharashtra has produced around 4 million MT less than 2018-2019, besides reduction in South Indian States because of unfavourable climatic conditions. Because of Covid-19 nationwide lockdown, the consumption of 2019-20 sugar year is estimated at lesser than previous year.

The opening stock of sugar in the beginning of 2019-2020 sugar year was 14.5 million MT as against 10.7 million MT in the previous year. The expected closing stock at the end of 2019-2020 sugar year will be around 11.5 million MT taking into account opening balance, production in the current year and expected export of around 5 million MT.





This closing stock is still around two times higher than what is normally required for our country. In the forthcoming 2020-2021 sugar year the production is expected to increase to around 30 million MT. Adding with this the unexpected Covid-19 impact will put pressure on the domestic market too.

Fair and Remunerative Price (FRP) of Sugarcane, linked to 9.5% recovery was fixed at ₹ 2612.50 per ton by the Government of India, for 2019-2020 crushing season. Minimum Selling Price (MSP) of Sugar per Kg was fixed at ₹ 31/Kg from February 2019. Though, the Industry has repeatedly represented to the Government of India for the MSP increase, it is yet to decide on that.

Government of India has announced MAEQ (Maximum Admissible Export Quantity) of 60 lakh tons for exports for the current marketing year (Oct.'19 to Sept.'20). Due to the depressed world sugar market, export is moving in a slow pace even with various incentives announced by the Government and expected to end up with around 50 lakh tons.

Considering lower sugar realization from domestic sales as well as depressed global sugar market, sugar mills are unable to generate sufficient funds for payment of cane price to the farmers on time.

### Government Policies

Government of India has taken the following measures:

- GOI has created a buffer stock of 40 lakh MT of sugar which will be stocked in the respective sugar mills. The holding cost will be borne by the Govt. for one year.

- Procurement price has been fixed as ₹ 43.75 per litre for the Ethanol produced from C-molasses, ₹ 54.27 per litre for the Ethanol produced from BH-molasses and ₹ 59.48 per litre for the Ethanol produced from 100% sugarcane juice.

### Tamil Nadu Government has taken the following measures

- The Government of Tamilnadu has disbursed a transitional production incentive to the farmers at the rate of ₹ 137.50 per ton of sugarcane for the year 2018-2019.
- Revenue sharing formulae for sugar cane procurement price will be followed for the sugar year 2019-2020 also.
- State Government has allocated separate fund in the 2020-2021 budget, towards payment of ₹ 137.50 per ton of cane (to bridge the gap between FRP and SAP) as transitional production incentive. This will be directly paid to the registered cane farmers who have supplied cane during the 2019-20 crushing season.

### Opportunities and Threats

Though sugar production is going to be surplus during current year as well as in the next year, the Govt. policies like MSP and monthly sugar release mechanism would help in stabilisation of the sugar price. Further, the Government push to produce more ethanol by diverting B-Heavy molasses, direct cane juice etc., will ease the surplus sugar production in the long run. A number of new distillery

units are being set up in the country to enhance ethanol production capacity.

Vagaries in the monsoon pattern will have impact on the availability of sugar cane which is the major raw material. Any further increase in FRP for the sugarcane for the sugar season 2020-2021 will have impact on the financials of the company if the MSP is not proportionately raised with the cost of production of sugar.

### Segment-wise or product-wise performance of the company

#### Sugar

During the financial year 2019-2020, the cane crushed quantum was 6,68,906 tons against 6,61,729 tons for the corresponding period last year. Though the initial planting area was around 10% more than last year, nearly 600 acres of sugarcane was perished during last summer due to continuous dry spell. Due to Covid-19 spread, the sugar plant operations were stopped in Kattur from 23<sup>rd</sup> March'20, for 13 days and in Sathamangalam from 26<sup>th</sup> March'20, for 05 days and re-started on 7<sup>th</sup> April'20 in Kattur and 1<sup>st</sup> April'20 in Sathamangalam based on the directives from the State Government. The distillery unit was operated without any stoppage.

In 2019 - 2020 sugar season, the sugar cane cultivation area is expected to reduce marginally compared to 2018-2019 season due to Covid-19 which forced the farming activity to standstill for over two months and its impact continues.

Your company has been allotted 1,01,800 Quintals of sugar for export during 2019-2020 sugar year under MAEQ. The management is closely monitoring the international market and will take the decision at appropriate time based on the feasibility.

#### Power

Long term PPA with TANGEDCO continues. The tariff for the export of power was ₹ 3.81/Kwh for Kattur unit and ₹ 4.369/Kwh for Sathamangalam unit. Power generation was higher by 4% compared to previous year because of marginal increase in sugar cane crushing.

#### Alcohol

The distillery was operated with high efficiency. As the availability of own molasses and molasses within the state was inadequate, the company has procured 29,253 tons of molasses from UP, Bihar & others and operated distillery for a maximum possible number of days. Alcohol production was higher by 9% than last year with this additional molasses procurement. Similarly, the company is procuring molasses from north India during current financial year and to maximise the capacity utilisation.

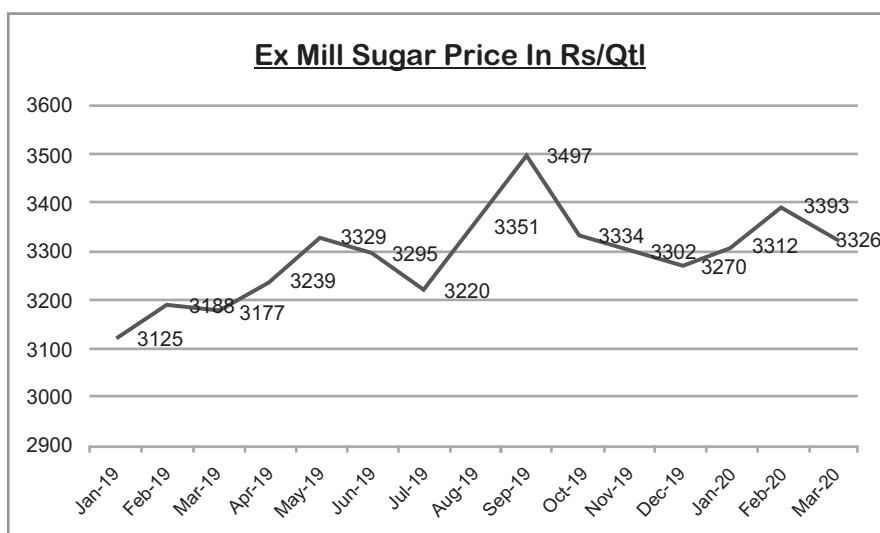
#### Quantitative Performance details

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

| Particulars      | Sugar (Tonnes) | Power (Lakh Units) | Distillery (Lakh litre) |
|------------------|----------------|--------------------|-------------------------|
| Production       | 61,562         | 580                | 169                     |
| Sales            | 65,904         | 296                | 156                     |
|                  | (₹ in Lakhs)   |                    |                         |
| Sales            | 21,677         | 1,273              | 8,871                   |
| Operating Profit | (2,114)        | 230                | 4,623                   |

#### Outlook

In 2020-2021 sugar year, the global sugar production is expected to end with deficit whereas the Indian sugar production is expected to be a surplus. Central and northern



part of India is expected to record higher production than the estimates, southern part of India, particularly Tamil Nadu would record its downward trend continuously because of severe drought.

## **Risk and Concerns**

### **Industry Risk**

Whenever there is surplus sugar production in the country the selling price falls below cost of production. Most of the times when India produces surplus sugar, the Global sugar production also becomes surplus. Hence, exports also become unviable.

### **Risk Mitigation**

Increasing ethanol production capacity in order to absorb surplus sugar available in the market for stabilisation of sugar price in the long run. Development of alternate usage of sugar and positive and proactive policies by the Government are the key drivers. The monthly sugar release mechanism and minimum selling price for sugar introduced by the Central Government help in stabilisation of price.

### **Risk specific to Company**

Though last year's North East Monsoon (NEM) rainfall was reported as near normal, on account of continuous drought faced during last seven years, the overall cane cultivation area in Tamil Nadu and in particular in the company's command area got reduced. This has resulted in lower raw material availability which adversely affects the overall capacity utilisation of the factories besides increasing the cost of production.

### **Risk Management**

Your company gives top priority for development of sugar cane in the command area by optimising the utilisation of all resources.

A few major initiatives taken by the company are given below.

- Working on development of new sugar cane clones having characteristics like higher yield, high sugar recovery, early maturing, drought tolerant, pest & disease resistant etc., in association with SISMA and Sugar cane Breeding Institute, Coimbatore.
- Educating farmers on modern cultivation practices by organising technical seminars, providing technical support, demonstrating modern practices in Demo plots, etc.

- Providing technical and financial support to the farmers on development of irrigation infrastructure such as well deepening, lift irrigation, installation of new bore/pumps etc.
- Promoting water conservation systems like micro irrigation system in association with the State Agriculture department.
- Promoting mechanisation right from soil preparation to harvest in order to reduce the overall cost of cultivation.

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

| <b>Production Performance</b>           | <b>2019 - 2020</b> | <b>2018 - 2019</b> |
|-----------------------------------------|--------------------|--------------------|
| No of crushing days: Kattur Unit        | <b>109</b>         | 106                |
| No of crushing days: Sathamangalam Unit | <b>137</b>         | 129                |
| Cane Crushed (tons)                     | <b>6,68,906</b>    | 6,61,729           |
| Sugar Recovery (%)                      | <b>9.04</b>        | 9.51               |
| Sugar Produced from cane (Quintals)     | <b>6,15,620</b>    | 6,21,760           |
| Alcohol Produced (KL)                   | <b>16,852</b>      | 15,462             |
| Power Produced (lakh kwh)               | <b>580</b>         | 557                |

Due to marginal increase in cane availability the sugarcane crushing has increased by 1% compared to the previous year. Despite sustained sugar prices the sugar segment posted an incremental loss due to lower recovery of sugar compared to previous year. In the distillery segment the profitability improved substantially owing to higher output by 9% coupled with increase in selling prices by around 22%.

The finance cost marginally decreased compared to the previous year which is mainly due to sustained short term borrowings due to regulated sugar sales imposed by the Government of India to stem the free fall of sugar price. The resultant increase in borrowings facilitated to pay cane farmers towards their supplies. The Company also resorted to Term Loan borrowings to meet Distillery capital expenditure requirements.

**Key Financial**

| Description             | U/M   | 2019-20 | 2018-19 | Remarks                                                                                             |
|-------------------------|-------|---------|---------|-----------------------------------------------------------------------------------------------------|
| Debtors Turnover        | Days  | 16      | 18      | Improved collection due to higher Sugar and alcohol sales which are mostly on cash and carry basis. |
| Inventory Turnover      | Days  | 139     | 154     | Marginal improvement due Higher sales volume of Sugar and Alcohol.                                  |
| Interest coverage ratio | Times | 3.71    | 4.24    | Lower earnings before taxes.                                                                        |
| Debt Equity ratio       | -     | 1.24:1  | 1.59:1  | Repayment of Long-term Loans and improved profitability.                                            |
| Operating Profit Margin | %     | 5.52    | 9.87    | Increase in overheads with only marginal increase in production.                                    |
| Net Profit Margin %     | %     | 5.44    | 3.64    | Improved profitability owing to lower Deferred tax.                                                 |
| Return on Net worth     | %     | 11.67   | 8.36    | Improved profit after tax due to lower deferred tax.                                                |

**Internal 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 an Independent firm of Chartered Accountants, who submit their Reports on a quarterly basis to the Management. These Reports are placed before the Audit Committee at its meetings for review.

The Board, Audit Committee and the Management ensure that the internal financial control system operates effectively and they regularly review the effectiveness of internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory norms.

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 and that the policies are in place for approval and control of expenditure.

**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 depend on

its ability in acquiring, utilizing and developing the human resources for the benefit of the organization. Employees attend 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. 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 workplace 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 31<sup>st</sup> March 2020 was 476 in respect of sugar and allied operations.

On Behalf of the Board  
for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : June 17, 2020

**Nina B. Kothari**  
Chairperson

## 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

The Board consists of seven 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.

#### Composition of the Board and Directorship held as on 31<sup>st</sup> March 2020

| Name of the Director     | Director Category                    | No. of Board Meetings attended | Attendance at previous AGM held on Aug 07, 2019 | No. of Directorships in other companies | No. of Committee Memberships in other companies |        | No. of shares held by the Director |
|--------------------------|--------------------------------------|--------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------------|--------|------------------------------------|
|                          |                                      |                                |                                                 |                                         | Chairman                                        | Member |                                    |
| Mrs. Nina B. Kothari     | Promoter & Non-Executive Chairperson | 3                              | Yes                                             | 15                                      | 1                                               | -      | 26,83,498                          |
| Mr. Arjun B. Kothari     | Promoter & Managing Director         | 4                              | Yes                                             | 17                                      | 1                                               | 1      | 14,400                             |
| Mr. M. Silvester Goldwin | Whole Time Director                  | 4                              | Yes                                             | -                                       | -                                               | -      | Nil                                |
| Mr. P.S. Balasubramaniam | Independent                          | 4                              | Yes                                             | 04                                      | -                                               | 3      | 505                                |
| Mr. V.R. Deenadayalu     | Independent                          | 4                              | Yes                                             | -                                       | -                                               | -      | Nil                                |
| Mr. P.S. Gopalakrishnan  | Independent                          | 4                              | Yes                                             | 03                                      | 1                                               | -      | Nil                                |
| Mr. C.V. Krishnan        | Independent                          | 2                              | Yes                                             | 01                                      | -                                               | -      | Nil                                |

#### Note :

- Other directorships also include Private Limited Companies.
- Only membership in Audit Committee, Stakeholders' Relationship Committee have been reckoned for Committee Memberships.
- The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days.
- Mr. Arjun B. Kothari, Managing Director of the

Company is son of Mrs. Nina B. Kothari, Chairperson of the Company.

The Board of Directors met four times during the year on 21<sup>st</sup> May 2019, 07<sup>th</sup> Aug 2019, 25<sup>th</sup> Oct 2019 and 13<sup>th</sup> Feb 2020.

None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all Listed Companies and Unlisted Public Limited Companies in which he / she is a Director.

#### Name of Other Listed Companies in which Director of the Company is Director and their category:

| S. No. | Name of the Director    | Name of Other Listed Company                                            | Category of Directorship |
|--------|-------------------------|-------------------------------------------------------------------------|--------------------------|
| 1      | Mrs. Nina B. Kothari    | Kothari Petrochemicals Limited                                          | Non-Executive Director   |
| 2      | Mr. Arjun B. Kothari    | Kothari Petrochemicals Limited                                          | Managing Director        |
| 3      | Mr. P.S. Gopalakrishnan | (i) Dharani Sugars and Chemicals Limited<br>(ii) Sakthi Finance Limited | Independent Director     |

**Familiarisation programme for Independent Directors**

A Familiarisation programme for Independent Directors of the Company was being conducted on or before 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)

Presentations/Briefings were also made at the meeting of the Board of Directors/Committees by KMP's/Senior Executives of the Company on Company's financial and operational performance, industrial relations prevailing during the period, marketing strategies, etc.

**Core skills, expertise and competencies of the Board of Directors:**

**The Board of Directors have identified the following core skills, expertise and competencies in the context of the Company's business and sector for it to function effectively which are given below:**

The Board of Directors shall possess hands on expertise on technical, academic skills, general management, global business, technology, manufacturing/operations, risk management etc. The Board of Directors shall understand company's structure, policies, and culture including the mission, vision, values, goals, current strategic plan and governance structure and also in which the Company operates including the industrial trends, challenges and opportunities, unique dynamics within the sector that are relevant to the success of the Company.

The Directors shall have ability to understand and analyse financial reports / key financial statements to review and analyse budgets, annual operating plans considering Company's resources, strategic goals and priorities, analyse various reports, create and incorporate multiple viewpoints with different perspectives. Ability to identify key risks to the organisation in a wide range of areas including production, marketing, legal and regulatory compliance management and systems.

The following matrix sets out the skills, expertise and competence of each of the Directors in the Company:

| S. No. | Name of the Directors | Skills, Expertise and Competence                                                                                                                                                                                                                                           |
|--------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)    | Arjun B. Kothari      | Well recognized for his business acumen and leadership skills and has overall managerial experience. Proven Leader in making sound commercial judgments and managing risks and challenges of the business. Strategic thinker with the right capacity to steer the company. |

|       |                      |                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii)  | Nina B. Kothari      | Hands on experience in General Management and Administration and well known for her diversified business knowledge and Mentoring abilities. Varied experience in the domain of Finance, Administration and General Management in diverse family businesses.                                                                                                                                              |
| (iii) | M. Silvester Goldwin | Renowned professional in sugar industry having about 30 years of overall experience in various functions of sugar industry including operation & maintenance, design & engineering, project management, technical services, sales & marketing, business development etc.<br>Expert in the field of sugar manufacture, cogeneration of power, modern distillery technologies and energy management.       |
| (iv)  | V.R. Deenadayalu     | Technocrat with vast experience in Engineering, Hands on experience in General Management<br>Held high positions in public sector undertakings like Madras Refineries Limited (Chairman and MD) and BHEL, Trichy (Chief Executive). Professional Expertise in Engineering, Business Strategy, General Management. Played active role in the Board of various reputed Management Institutes across India. |
| (v)   | P.S. Gopalakrishnan  | A thorough professional wide experience in the Banking Industry having expertise in Finance and Investment Banking and Insurance Business.<br>Fellow of Economic Development Institute (EDI), World Bank and Associate member of Institute of Banking, London.                                                                                                                                           |
| (vi)  | P.S. Balasubramaniam | A Chartered Accountant and a Company Secretary with more than 50 years of experience at Senior Management level in the Financial Services Sector.<br>Competent professional with expertise in Business strategy, Consulting, Corporate Law, Finance, General Management and Taxation.                                                                                                                    |
| (vii) | C.V. Krishnan        | An Alumnus of IIT (Madras and IIM (Ahmedabad) with wide range of experience in General Management, Collaborations, Joint Ventures, Acquisitions, Mergers, and Disinvestments in India and abroad.<br>Strategic thinker with global business exposure with experience across industries. Contributor to Academic and Research activities with focus on Management Education / Development Research.       |

Considering the skills, expertise and competencies required for effective functioning and discharge of Board's duties, your Board is satisfied with the present composition of the Board of Directors. In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

### 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. The Minutes of the Committee Meetings are tabled at the subsequent Board Meetings.

### AUDIT COMMITTEE

The Audit Committee comprises of the following Independent Directors and attendance of each director for the year ended 31<sup>st</sup> March 2020 is as follows:

| Sl. No. | Name of the Directors    | Designation | No. of Meetings held | No. of Meetings attended |
|---------|--------------------------|-------------|----------------------|--------------------------|
| (i)     | Mr. P.S. Gopalakrishnan  | Chairman    | 04                   | 04                       |
| (ii)    | Mr. P.S. Balasubramaniam | Member      | 04                   | 04                       |
| (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 07<sup>th</sup> August 2019. The Audit Committee met four times during the year on 21<sup>st</sup> May 2019, 07<sup>th</sup> Aug 2019, 25<sup>th</sup> Oct 2019 and 13<sup>th</sup> Feb 2020.

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 role and terms of reference of the Audit Committee are governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31<sup>st</sup> March 2020, the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / accounting exposure. The Managing Director, Whole Time Director and Chief Financial Officer are permanent invitees to the meetings of the committee. The Statutory Auditor and Internal Auditors were present at Audit Committee meetings. The Cost Auditor is invited to attend the Meetings 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 Obligations and Disclosure Requirements) 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 07<sup>th</sup> August 2019. The Committee met two times during the year on 21<sup>st</sup> May 2019 & 25<sup>th</sup> October 2019.

The details are as follows:

| Sl. No. | Name of the Directors    | Designation | No. of Meetings held | No. of Meetings attended |
|---------|--------------------------|-------------|----------------------|--------------------------|
| (i)     | Mr. P.S. Gopalakrishnan  | Chairman    | 02                   | 02                       |
| (ii)    | Mr. P.S. Balasubramaniam | Member      | 02                   | 02                       |
| (iii)   | Mr. V.R. Deenadayalu     | Member      | 02                   | 02                       |

### Remuneration Policy

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

The Nomination and Remuneration (N&R) Committee has framed a policy which, inter alia, deals with the manner of selection of Board of Directors, Managing Director / KMP's and their remuneration.

#### Criteria of selection of Non-Executive Directors

- 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;

- (ii) Personal, Professional or business standing;
- (iii) Diversity of the Board.

- c) In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/her 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 of such sum as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Remuneration details of Managing Director / Whole Time Director is disclosed in detail elsewhere in the Board' Report.

Currently, the Non-executive Directors of the company are not being paid any commission. The details of the transactions and pecuniary relationship with the non-executive directors vis-à-vis the Company are disclosed elsewhere in the Annual Report.

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

- Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 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 the performance of the Board, individual Directors 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 is posted on the website of the Company viz. [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)

#### Details of Sitting Fees paid during the financial year 2019-2020

| Name of the Directors    | Sitting Fees Paid |                 |               |                                     |                              |                 |
|--------------------------|-------------------|-----------------|---------------|-------------------------------------|------------------------------|-----------------|
|                          | Board Meeting     | Audit Committee | CSR Committee | Nomination & Remuneration Committee | Independent Director Meeting | Total           |
| Mrs. Nina B. Kothari     | 90,000            | N.A             | -             | N.A                                 | N.A                          | 90,000          |
| Mr. P.S. Balasubramaniam | 1,20,000          | 80,000          | 10,000        | 20,000                              | 10,000                       | 2,40,000        |
| Mr. V.R. Deenadayalu     | 1,20,000          | 80,000          | N.A           | 20,000                              | 10,000                       | 2,30,000        |
| Mr. P.S. Gopalakrishnan  | 1,20,000          | 80,000          | 10,000        | 20,000                              | 10,000                       | 2,40,000        |
| Mr. C.V. Krishnan        | 60,000            | N.A             | N.A           | N.A                                 | 10,000                       | 70,000          |
| <b>Total</b>             | <b>5,10,000</b>   | <b>2,40,000</b> | <b>20,000</b> | <b>60,000</b>                       | <b>40,000</b>                | <b>8,70,000</b> |

The other transactions with non-executive director vis-à-vis the Company during the Financial Year ended 31<sup>st</sup> March, 2020 are disclosed elsewhere in the annual report.

#### Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee carries out the functions of transmissions, issue of duplicate share certificates, dematerialisation 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 04 times during the year 2019 - 2020. No sitting fee is paid for attending the meetings of the Committee.

The attendance of each Director in the Stakeholders' Relationship Committee meeting held during the year ended 31<sup>st</sup> March 2020 is as follows:

| Sl. No. | Name of the Directors    | Designation | No. of Meetings held | No. of Meetings attended |
|---------|--------------------------|-------------|----------------------|--------------------------|
| (i)     | Mr. P.S. Gopalakrishnan  | Chairman    | 04                   | 04                       |
| (ii)    | Mr. P.S. Balasubramaniam | Member      | 04                   | 04                       |
| (iii)   | Mr. Arjun B. Kothari     | Member      | 04                   | 04                       |

In order to expedite the process, the Board of Directors has also delegated the authority severally to 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.

No Complaints received from the Shareholder(s) / Department(s) during the financial year 2019-2020.

Pursuant to SEBI LODR Regulations, 2015 the Company is processing 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.

#### General Body Meetings:

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

| Year / Date / Day / Time                       | Venue                                                                                        |
|------------------------------------------------|----------------------------------------------------------------------------------------------|
| 2018-2019<br>Aug 07, 2019 Wednesday 10.00 A.M. | The Music Academy, Mini Hall,<br>Old No. 306, New No.168,<br>T.T.K. Road, Chennai - 600 014. |
| 2017-2018<br>Jul 31, 2018 Tuesday 10.30 A.M.   |                                                                                              |
| 2016-2017<br>Sep 08, 2017 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 07, 2019 | Yes                                       | Re-appointment of Mr. Arjun B. Kothari, as Managing Director of the Company.                                                                                                                                                                                                                                                                              |
| Jul 31, 2018 | Yes                                       | (i) Appointment of Mr. M. Silvester Goldwin as Whole time Director of the Company.<br>(ii) Re-appointment of Mr. P.S. Balasubramaniam, Independent Director of the Company.<br>(iii) Re-appointment of Mr. V.R. Deenadayalu, Independent Director of the Company.<br>(iv) Re-appointment of Mr. P.S. Gopalakrishnan, Independent Director of the Company. |
| Sep 08, 2017 | No                                        | -                                                                                                                                                                                                                                                                                                                                                         |

No special resolution was passed by the shareholders of the company through postal ballot during the year 2019 - 2020.

#### Means of Communication

- The Unaudited Quarterly Financial Results and Audited 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 Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updation of its website. The company has designated email-id [ksclcs@hckgroup.com](mailto:ksclcs@hckgroup.com) and [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable the shareholders to register their grievances.

- c) Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) 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.
- d) No presentations have been made to institutional investors or to analysts

## GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

| Day, Date and Time | Tuesday, 11 <sup>th</sup> August 2020<br>@ 10:30 A.M.                                                                                                                                                                                                                  |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Venue              | The Annual General meeting will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The Registered office i.e. No.115, Kothari Buildings, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034 shall be deemed to be venue of the meeting. |

### e) Details of the outstanding ADRs / GDRs / Warrants or Convertible Instruments: Nil

### f) Stock Market Data

| Month    | High (₹) | Low (₹) | No. of shares traded | Month    | High (₹) | Low (₹) | No. of shares traded |
|----------|----------|---------|----------------------|----------|----------|---------|----------------------|
| Apr 2019 | 12.50    | 9.15    | 3,51,529             | Oct 2019 | 11.15    | 9.55    | 5,99,812             |
| May 2019 | 12.90    | 7.30    | 9,89,486             | Nov 2019 | 11.90    | 9.75    | 4,65,283             |
| Jun 2019 | 11.95    | 9.20    | 4,71,445             | Dec 2019 | 10.40    | 9.25    | 3,21,727             |
| Jul 2019 | 10.85    | 8.40    | 3,27,004             | Jan 2020 | 17.10    | 9.60    | 33,04,873            |
| Aug 2019 | 11.60    | 8.30    | 8,86,950             | Feb 2020 | 15.75    | 11.20   | 13,83,742            |
| Sep 2019 | 11.90    | 9.80    | 8,24,554             | Mar 2020 | 12.20    | 7.25    | 12,15,001            |

### g) Distribution of Shareholding as on 31<sup>st</sup> March 2020

(Amount in ₹)

| ₹ of Equity shares held | No. of Shareholders | Amount of Shares    |
|-------------------------|---------------------|---------------------|
| Upto 5000               | 20,598              | 2,04,50,220         |
| 5001-10000              | 1,813               | 1,58,78,020         |
| 10001-20000             | 973                 | 1,56,38,280         |
| 20001-30000             | 340                 | 88,78,460           |
| 30001-40000             | 172                 | 62,35,420           |
| 40001-50000             | 191                 | 91,89,250           |
| 50001-100000            | 267                 | 2,04,13,950         |
| 100001 and above        | 206                 | 73,22,02,200        |
| <b>Total</b>            | <b>24,560</b>       | <b>82,88,85,800</b> |

### b) Financial Calendar of the Company

The Financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

|                                                             |                                   |
|-------------------------------------------------------------|-----------------------------------|
| Results for Quarter ending 30 <sup>th</sup> June, 2020      | First fortnight of August, 2020   |
| Results for Quarter ending 30 <sup>th</sup> September, 2020 | First fortnight of November, 2020 |
| Results for Quarter ending 31 <sup>st</sup> December, 2020  | First fortnight of February, 2021 |
| Results for Quarter ending 31 <sup>st</sup> March, 2021     | Last Week of May, 2021            |

### c) Date of Book Closure

The period of Book Closure is fixed from Wednesday, 5<sup>th</sup> August, 2020 to Tuesday, 11<sup>th</sup> August, 2020 (both days inclusive).

### d) 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 2020-2021 has been paid. (Stock Code: KOTARISUG). ISIN: INE419A01022.

**h) Reconciliation of Share Capital Audit**

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 form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31<sup>st</sup> March 2020 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 are reconciled. 8,28,00,461 equity shares representing 99.89% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2020.

**i) Registrar and Share Transfer Agents**

M/s. Cameo Corporate Services Limited, having its registered office at Subramanian Building, 5<sup>th</sup> 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 are handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

**j) Foreign Exchange Risk and hedging activities**

Presently your Company is not exporting any of its products. Hence, foreign exchange risk did not arise during the financial year 2019-2020.

**k) Plant Locations**

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

**l) Address for Correspondence**

| Company's Registered Office                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Company Secretary<br>Kothari Sugars & Chemicals Limited<br>Kothari Buildings,<br>115, Mahatma Gandhi Salai,<br>Nungambakkam, Chennai - 600 034.<br>Tel. No.: 044-30281595, 30225507.<br>Fax No.: 044-28334560<br>E-mail : secdept@hckgroup.com |

**Company Share Transfer Agent**

M/s. Cameo Corporate Services Limited  
Unit: Kothari Sugars & Chemicals Limited  
Subramanian Building, 5<sup>th</sup> Floor,  
No.1, Club House Road,  
Chennai - 600 002.  
Tel. No.: 044 - 28460390 (5 Lines)  
Fax No.: 044 - 28460129  
E-mail : investor@cameoindia.com

**m) Credit Rating and revision thereto**

ICRA Limited a credit rating agency has rated the following facilities which are availed from Bank as detailed below.

| Sl. No.      | Facility              | Amount<br>(₹ in Crores) | Rating                                                      |
|--------------|-----------------------|-------------------------|-------------------------------------------------------------|
| (i)          | Cash Credit           | 100.00                  | [ICRA] BBB- (Stable)<br>[pronounced as ICRA triple B minus] |
| (ii)         | Term Loan             | 15.93                   |                                                             |
| (iii)        | Non Fund based limits | 5.00                    | [ICRA] A3 [pronounced as ICRA A three]                      |
| <b>Total</b> |                       | <b>120.93</b>           |                                                             |

**OTHER DISCLOSURES**
**Related Party Transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis.

There was no materially significant related party transaction having potential conflict with the interests of the Company during the year. Transactions with related parties, as per the requirements of Indian Accounting Standard 24, are disclosed in the notes to accounts annexed to the financial statements.

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained prior approval of the Audit Committee for entering into transactions with related parties. The approved policy for related party transactions has been uploaded on the Company's website ([www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl))

**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 have 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)

### 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. The disclosure of compliances with respect to Corporate Governance requirements as specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 is made in the Corporate Governance Report.

### Compliance with mandatory / non mandatory requirements

The company has complied with all applicable mandatory requirements in terms of Regulations 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

### Statutory Auditor Fee Particulars

The Members at the 56<sup>th</sup> Annual General Meeting held on 08<sup>th</sup> September 2017 have appointed M/s. P. Chandrasekar LLP, Chartered Accountants as the Statutory Auditor of the Company and to hold office till the conclusion of the 61<sup>st</sup> Annual General Meeting of the Company. The Company does not have any Subsidiaries. No fees were paid during the year to any entity in the network firm / network entity of which the Statutory Auditor is a part.

The Audit Committee approved the fee for other services rendered by the Statutory Auditors other than the Statutory Audit. The total fee paid for the year 2019 - 2020 to M/s. P. Chandrasekar LLP, Chartered Accountants is given below:

| S. No. | Description of the Service | Fees (Amount in ₹) |
|--------|----------------------------|--------------------|
| (i)    | Statutory Audit            | 4,00,000           |
| (ii)   | Limited Review Report      | 1,50,000           |

### Certificate from Practising Company Secretary confirming Directors are not debarred / disqualified

A Certificate from a Company Secretary in Practice has been obtained confirming that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

### Disclosure in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- Number of complaints filed during the financial year : Nil
- Number of complaints disposed of during the financial year : Nil
- Number of complaints pending as on end of the financial year : Nil

### 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 Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the financial year 2019-2020.

On Behalf of the Board  
for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : June 17, 2020

Nina B. Kothari  
Chairperson

### 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, 2020.

for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : June 17, 2020

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 31<sup>st</sup> March 2020 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 : June 17, 2020

**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, 2020 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

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 SEBI LODR.

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

**For M. Alagar & Associates**  
(Practising Company Secretaries)

Place: Chennai  
Date : May 29, 2020

**M. Alagar**  
Managing Partner  
FCS No. 7488 / C P No. 8196  
UDIN: F007488B000299881

### CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kothari Sugars and Chemicals Limited**, having **CIN L15421TN1960PLC004310** and having registered office at Kothari Building, No. 115, Nungambakkam High Road, Chennai - 600 034 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C, Sub-clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in/](http://www.mca.gov.in/)) as considered necessary and explanations furnished to us by the Company & its officers, **we hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ending March 31, 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies** by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | DIN      | Name of the Director         | Date of Appointment in the Company      |
|--------|----------|------------------------------|-----------------------------------------|
| 1.     | 00001446 | Ms. P.S. Gopalakrishnan      | 12.06.1995<br>(Re-appointed 01.04.2019) |
| 2.     | 00019843 | Mr. P.S. Balasubramaniam     | 08.11.2013<br>(Re-appointed 01.04.2019) |
| 3.     | 00020119 | Ms. Nina Bhadrashyam Kothari | 27.05.2014                              |
| 4.     | 00020898 | Mr. V.R. Deenadayalu         | 27.04.2009<br>(Re-appointed 01.04.2019) |
| 5.     | 01606522 | Mr. C.V. Krishnan            | 28.05.2018                              |
| 6.     | 07117816 | Mr. Arjun B. Kothari         | 08.04.2015                              |
| 7.     | 08145634 | Mr. M. Silvester Goldwin     | 01.08.2018                              |

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

**For M. Alagar & Associates**  
 (Practising Company Secretaries)

Place: Chennai  
 Date : May 29, 2020

**M. Alagar**  
 Managing Partner  
 FCS No. 7488 / C P No. 8196  
 UDIN: F007488B000299835

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

To the members of Kothari Sugars and Chemicals Limited

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Opinion

We have audited the Financial Statements of Kothari Sugars and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, the Profit (including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No. | Key Audit Matter                                                                                                                                                                                                                                                                          | Response to Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | <b>Quantity of raw materials</b><br>Significant portion of the material procurement is from individual farmers and sugarcane are accounted on weight-basis.<br>Hence, any variance in the ascertainment of the quantity purchased may have a significant impact on the cost of materials. | We have carried out audit procedures, which included:<br><ul style="list-style-type: none"> <li>➤ Assessment of controls over ascertaining the quantity of purchase for which payment is made.</li> <li>➤ Assessment of controls over calibration system of the weighing equipment.</li> </ul>                                                                                                                                                                                                                            |
| 2.     | <b>Contingent liabilities</b><br>The Company has material amounts of disputed statutory levies such as Excise Duty, Customs Duty and Electricity taxes, which have not been paid pending adjudication by the respective authority. Refer to Note 42 of the Financial Statements.          | We have carried out the validation of the information provided by the management, by performing the following procedures:<br><ul style="list-style-type: none"> <li>➤ Examining the relevant documents on record.</li> <li>➤ Evaluating the reasonableness of the underlying assumptions.</li> <li>➤ Relying on relevant external evidence available including legal opinion, relevant judicial pronouncements and industry practices.</li> <li>➤ Assessment to confirm that contingencies exist in each case.</li> </ul> |

#### Information other than the financial statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholders' Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the 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.

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

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

#### **Auditor's responsibilities for the audit of the Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 in terms of Section 143(11) of the Act, we give in **Annexure-A** a statement on the matters specified in 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure-B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) 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 to Note 42 to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **P. Chandrasekar LLP**  
Chartered Accountants  
FRN: 000580S/S200066

**S. SRIRAM**  
Partner

Place: Chennai  
Date: 17<sup>th</sup> June 2020

Membership No.: 205496  
UDIN: 20205496AAAABZ1413

#### **Annexure - A to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2020.**

**(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Kothari Sugars and Chemicals Limited of even date)**

- (i) In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, these fixed assets have been physically verified by the Management at regular intervals; as informed to us 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) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not provided any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Section 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 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from public.
- (vi) On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 have been maintained. However, we have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - a) The Company is regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Income Tax, Customs Duty, Goods and Service Tax and other applicable Cess. To the best of our knowledge and according to the information and explanations given to us, there were no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they become payable.

b) Details of dues of various taxes viz., Income Tax, Sales Tax, VAT, Service Tax, Customs Duty, Excise Duty not deposited as on 31<sup>st</sup> March 2020 on account of disputes are given below:

| Name of the Statute                                           | Nature of the Dues          | Amount (₹ lakh) | Forum where the dispute is pending | Period to which the dues belong to |
|---------------------------------------------------------------|-----------------------------|-----------------|------------------------------------|------------------------------------|
| Central Excise Act, 1944                                      | Excise Duty                 | 80.76           | Commissioner of Appeals            | April 1997 to December 1997        |
| Central Excise Act, 1944                                      | Excise Duty                 | 439.25          | Supreme Court                      | June 2006 - March 2015             |
| Central Excise Act, 1944                                      | Excise Duty                 | 3.86            | High Court, Madras                 | Oct' 1999 to Mar' 2000             |
| Central Excise Act, 1944                                      | Excise Duty                 | 128.18          | Supreme Court                      | October ' 1995 to December ' 1999  |
| Finance Act, 1994                                             | Service Tax                 | 1.32            | CESTAT                             | Mar 2011 to May 2011               |
| Tamilnadu Tax on Consumption or sale of electricity Act, 2003 | Electricity Consumption Tax | 262.26          | Supreme Court                      | June 2003 - March 2018             |

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, 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 monies by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed were applied for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided has been in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence compliance with the provisions of the Nidhi Rules is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with him which will come under the purview of Section 192 of the Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **P. CHANDRASEKAR LLP**  
 Chartered Accountants  
 (FRN : 000580S/S200066)

**S. SRIRAM**  
 Partner

Place : Chennai  
 Date : 17<sup>th</sup> June 2020

Membership No.: 205496  
 UDIN: 20205496AAAABZ1413

**Annexure - B to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2020.**

**(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Kothari Sugars and Chemicals Limited of even date)**

**Report on the Internal Financial Controls with reference to financial statement under Section 143(3)(i) of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Financial Statements of Kothari Sugars and Chemicals Limited ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by 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 with reference to financial statements were in place and if such controls were operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial controls with reference to financial statements are 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 controls with reference to financial statements includes those policies and procedures that

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2020, 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 **P. CHANDRASEKAR LLP**  
Chartered Accountants  
(FRN : 000580S/S200066)

**S. SRIRAM**  
Partner

Place : Chennai  
Date : 17<sup>th</sup> June 2020

Membership No. 205496  
UDIN: 20205496AAAABZ1413

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

(₹ in Lakhs)

| S.No     | Particulars                                                                    | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|----------|--------------------------------------------------------------------------------|----------|----------------------|----------------------|
| <b>A</b> | <b>ASSETS</b>                                                                  |          |                      |                      |
|          | <b>Non-Current Assets</b>                                                      |          |                      |                      |
|          | (a) Property, Plant and Equipment                                              | 2        | 17,074.85            | 16,536.06            |
|          | (b) Capital Work in Progress                                                   | 2        | -                    | 110.27               |
|          | (c) Investment Property                                                        | 3        | 113.68               | 116.05               |
|          | (d) Other Intangible Assets                                                    | 4        | 20.10                | 25.03                |
|          | (e) Financial Assets                                                           |          |                      |                      |
|          | (i) Other financial assets                                                     | 7        | 104.69               | 92.06                |
|          | (f) Deferred Tax Assets                                                        | 34       | -                    | 358.91               |
|          | (g) Other Non-Current Assets                                                   | 8        | 1.44                 | 1.44                 |
|          | <b>Total non-Current Assets</b>                                                |          | <b>17,314.76</b>     | <b>17,239.82</b>     |
|          | <b>Current Assets</b>                                                          |          |                      |                      |
|          | (a) Inventories                                                                | 9        | 12,416.60            | 13,848.21            |
|          | (b) Financial Assets                                                           |          |                      |                      |
|          | (i) Investments                                                                | 5        | 3,014.00             | 4,824.34             |
|          | (ii) Trade Receivables                                                         | 6        | 2,733.27             | 1,731.21             |
|          | (iii) Cash and Cash Equivalents                                                | 10       | 42.82                | 695.98               |
|          | (iv) Bank balances other than (iii) above                                      | 11       | 18.73                | 57.04                |
|          | (v) Other Financial assets                                                     | 7        | 333.34               | 196.11               |
|          | (c) Current tax assets (Net)                                                   | 12       | 214.10               | 147.78               |
|          | (d) Other current Assets                                                       | 8        | 1,239.64             | 678.29               |
|          | <b>Total Current Assets</b>                                                    |          | <b>20,012.50</b>     | <b>22,178.96</b>     |
|          | <b>TOTAL ASSETS</b>                                                            |          | <b>37,327.26</b>     | <b>39,418.78</b>     |
| <b>B</b> | <b>EQUITY AND LIABILITIES</b>                                                  |          |                      |                      |
|          | <b>Equity</b>                                                                  |          |                      |                      |
|          | (a) Equity Share Capital                                                       | 13       | 8,288.86             | 8,288.86             |
|          | (b) Other Equity                                                               | 14       | 8,359.55             | 6,917.35             |
|          | <b>Total Equity</b>                                                            |          | <b>16,648.41</b>     | <b>15,206.21</b>     |
|          | <b>Liabilities</b>                                                             |          |                      |                      |
|          | <b>Non-Current Liabilities</b>                                                 |          |                      |                      |
|          | (a) Financial Liabilities                                                      |          |                      |                      |
|          | (i) Borrowings                                                                 | 15       | 536.60               | 2,951.73             |
|          | (b) Deferred Tax Liabilities                                                   | 34       | 2,940.01             | 3,695.61             |
|          | (c) Other Non-Current liabilities                                              | 19       | 14.59                | 10.80                |
|          | <b>Total Non-Current Liabilities</b>                                           |          | <b>3,491.20</b>      | <b>6,658.14</b>      |
|          | <b>Current Liabilities</b>                                                     |          |                      |                      |
|          | (a) Financial Liabilities                                                      |          |                      |                      |
|          | (i) Borrowings                                                                 | 16       | 7,278.85             | 7,971.66             |
|          | (ii) Trade Payables                                                            |          |                      |                      |
|          | (a) Total Outstanding dues to Micro and Small enterprises                      | 17       | 10.80                | 2.72                 |
|          | (b) Total Outstanding dues of creditors other than Micro and Small enterprises | 17       | 7,804.23             | 8,119.47             |
|          | (iii) Other Financial Liabilities                                              | 18       | 613.90               | 847.42               |
|          | (b) Short term Provisions                                                      | 20       | 269.82               | 225.35               |
|          | (c) Other Current Liabilities                                                  | 19       | 1,210.05             | 387.81               |
|          | <b>Total Current Liabilities</b>                                               |          | <b>17,187.65</b>     | <b>17,554.43</b>     |
|          | <b>Total Liabilities</b>                                                       |          | <b>20,678.85</b>     | <b>24,212.57</b>     |
|          | <b>TOTAL EQUITY AND LIABILITIES</b>                                            |          | <b>37,327.26</b>     | <b>39,418.78</b>     |

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P. Chandrasekar, LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : June 17, 2020

For and on behalf of the Board of Directors

**Arjun B. Kothari**  
 Managing Director

**P.S. Gopalakrishnan**  
 Director

**R. Prakash**  
 Company Secretary

**R. Krishnan**  
 Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020** (₹ in Lakhs)

| S.No | Particulars                                                                       | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------|-----------------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| I    | Revenue from Operations                                                           | 21       | 35,280.57                         | 33,221.78                         |
| II   | Other Income                                                                      | 22       | 439.86                            | 1,734.24                          |
| III  | <b>Total Income (I+II)</b>                                                        |          | <b>35,720.43</b>                  | <b>34,956.02</b>                  |
| IV   | <b>Expenses:</b>                                                                  |          |                                   |                                   |
|      | Cost of materials consumed                                                        | 23       | 23,961.80                         | 24,592.34                         |
|      | Changes in Inventories of finished goods, work-in-progress and stock in trade     | 24       | 1,333.82                          | (1,192.55)                        |
|      | Employee benefit expenses                                                         | 25       | 2,223.17                          | 2,045.79                          |
|      | Finance costs                                                                     | 26       | 701.87                            | 704.18                            |
|      | Depreciation and amortisation expense                                             | 27       | 1,296.93                          | 1,281.38                          |
|      | Other expenses                                                                    | 28       | 4,935.25                          | 4,778.18                          |
|      | <b>Total Expenses (IV)</b>                                                        |          | <b>34,452.84</b>                  | <b>32,209.32</b>                  |
| V    | <b>Profit before exceptional items and Tax (III-IV)</b>                           |          | <b>1,267.59</b>                   | <b>2,746.70</b>                   |
| VI   | <b>Exceptional items - Expenses / (Income)</b>                                    | 29       | 633.89                            | (465.30)                          |
| VII  | <b>Profit before Tax (V - VI)</b>                                                 |          | <b>1,901.48</b>                   | <b>2,281.40</b>                   |
| VIII | Tax Expense:                                                                      |          |                                   |                                   |
|      | 1) Current tax                                                                    |          | 679.58                            | 506.88                            |
|      | Less: MAT Credit entitlement                                                      |          | (322.91)                          | -                                 |
|      | 2) Deferred tax                                                                   |          | (396.78)                          | 503.48                            |
|      | <b>Total Tax expenses</b>                                                         |          | <b>(40.11)</b>                    | <b>1,010.36</b>                   |
| IX   | <b>Profit for the year (VII-VIII)</b>                                             |          | <b>1,941.59</b>                   | <b>1,271.04</b>                   |
|      | <b>Other Comprehensive Income</b>                                                 |          |                                   |                                   |
|      | A. i) Items that will not be reclassified to profit or loss                       |          |                                   |                                   |
|      | a) Re-measurement of the defined benefit plan                                     |          | 0.34                              | (2.81)                            |
|      | b) Equity instruments through other comprehensive income                          |          | -                                 | -                                 |
|      |                                                                                   |          | 0.34                              | (2.81)                            |
|      | ii) Income tax relating to items that will not be re-classified to profit or loss |          | (0.10)                            | 0.98                              |
|      | B. i) Items that will be reclassified to profit or loss                           |          | -                                 | -                                 |
|      | ii) Income tax relating to items that will be re-classified to profit or loss     |          | -                                 | -                                 |
| X    | <b>Total other comprehensive income (A(i+ii)+B(i+ii))</b>                         |          | 0.24                              | (1.83)                            |
| XI   | <b>Total Comprehensive Income (IX+X)</b>                                          |          | <b>1,941.83</b>                   | <b>1,269.21</b>                   |
| XII  | <b>Earnings Per Equity Share (Nominal value per share Rs.10/-)</b>                |          |                                   |                                   |
|      | (a) Basic (₹)                                                                     | 38       | 2.34                              | 1.53                              |
|      | (b) Diluted (₹)                                                                   | 38       | 2.34                              | 1.53                              |

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P. Chandrasekar LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : June 17, 2020

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

**Arjun B. Kothari**  
Managing Director

**P.S. Gopalakrishnan**  
Director

**R. Prakash**  
Company Secretary

**R. Krishnan**  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL AND OTHER EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

| Particulars                                                | Reserves and Surplus |                            |                              |                 |                   | Items of other comprehensive income                   |                       |                  |
|------------------------------------------------------------|----------------------|----------------------------|------------------------------|-----------------|-------------------|-------------------------------------------------------|-----------------------|------------------|
|                                                            | Share Capital        | Capital redemption reserve | Debenture redemption reserve | General reserve | Retained earnings | Equity Instruments through other Comprehensive income | Actuarial Gain / Loss | Total            |
| Balance at March 31, 2018                                  | 8,288.86             | 1,400.00                   | 750.00                       | 1,178.60        | 2,321.67          | -                                                     | (2.13)                | 13,937.00        |
| <b>Movement during 2018-19</b>                             |                      |                            |                              |                 |                   |                                                       |                       |                  |
| Profit for the year                                        |                      |                            |                              |                 | 1,271.04          |                                                       |                       | 1,271.04         |
| Other comprehensive income for the year, net of income tax |                      |                            |                              |                 |                   |                                                       | (1.83)                | (1.83)           |
| <b>Balance at March 31, 2019</b>                           | <b>8,288.86</b>      | <b>1,400.00</b>            | <b>750.00</b>                | <b>1,178.60</b> | <b>3,592.71</b>   | <b>-</b>                                              | <b>(3.96)</b>         | <b>15,206.21</b> |
| <b>Movement during 2019-20</b>                             |                      |                            |                              |                 |                   |                                                       |                       |                  |
| Profit for the year                                        |                      |                            |                              |                 | 1,941.59          |                                                       |                       | 1,941.59         |
| Dividend paid                                              |                      |                            |                              |                 | (499.63)          |                                                       |                       | (499.63)         |
| Other comprehensive income for the year, net of income tax |                      |                            |                              |                 |                   |                                                       | 0.24                  | 0.24             |
| <b>Balance at March 31, 2020</b>                           | <b>8,288.86</b>      | <b>1,400.00</b>            | <b>750.00</b>                | <b>1,178.60</b> | <b>5,034.66</b>   | <b>-</b>                                              | <b>(3.72)</b>         | <b>16,648.41</b> |

**The accompanying notes are an integral part of these Financial Statements**

In terms of our report attached

**For P.Chandrasekar LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

## Partner

Membership No. 205496

Place : Chennai

Date : June 17, 2020

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

**Arjun B Kothari**  
Managing Director

**P.S. Gopalakrishnan**  
Director

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

(₹ in Lakhs)

| S. No     | Particulars                                                           | For the year ended<br>March 31, 2020 |            | For the year ended<br>March 31, 2019 |            |
|-----------|-----------------------------------------------------------------------|--------------------------------------|------------|--------------------------------------|------------|
| <b>A.</b> | <b>Cash flow from operating activities</b>                            |                                      |            |                                      |            |
|           | <b>Profit before tax</b>                                              |                                      | 1,901.48   |                                      | 2,281.40   |
|           | <b>Adjustments for :</b>                                              |                                      |            |                                      |            |
|           | Depreciation and Amortisation                                         | 1,296.93                             |            | 1,281.38                             |            |
|           | Finance Costs (net)                                                   | 699.91                               |            | 696.46                               |            |
|           | Effect of interest free loans                                         | (116.67)                             |            | (128.62)                             |            |
|           | Net (Gain) / loss arising on FVTPL transactions                       | -                                    |            | 7.72                                 |            |
|           | Re-measurement of employee benefit plan                               | 0.34                                 |            | (2.81)                               |            |
|           | Dividend Income                                                       | (30.30)                              |            | (93.98)                              |            |
|           | Profit on sale of Fixed Assets (net)                                  | (6.00)                               |            | (3.57)                               |            |
|           | Interest Income                                                       | (43.87)                              |            | (73.89)                              |            |
|           | Bad Debts                                                             | -                                    |            | 152.00                               |            |
|           | Inventory writedown                                                   | 125.19                               |            | -                                    |            |
|           | Liability no longer required written back                             | (15.53)                              |            | (12.45)                              |            |
|           | Accretion in value of investments                                     | (109.01)                             |            | (632.59)                             |            |
|           | Provision for employee benefits                                       | 79.91                                |            | 51.68                                |            |
|           | Loss / (gain) on sale of investments                                  | (5.71)                               | 1,875.20   | (27.72)                              | 1,213.59   |
|           | <b>Operating profit before working capital changes</b>                |                                      | 3,776.68   |                                      | 3,494.99   |
|           | <b>Changes in working capital</b>                                     |                                      |            |                                      |            |
|           | Adjustments for increase / (decrease) in:                             |                                      |            |                                      |            |
|           | Trade and other receivables                                           | (1,002.06)                           |            | (99.85)                              |            |
|           | Inventories                                                           | 1,306.42                             |            | (1,093.08)                           |            |
|           | Bank balances other than cash and cash equivalents                    | 38.31                                |            | (2.76)                               |            |
|           | Other Assets                                                          | (238.18)                             |            | 440.09                               |            |
|           | Other Financial Assets                                                | (149.86)                             |            | 145.04                               |            |
|           | Trade Payable                                                         | (307.16)                             |            | 572.52                               |            |
|           | Other Liabilities                                                     | 449.44                               |            | (264.44)                             |            |
|           | Other Financial Liabilities                                           | (771.88)                             | (674.97)   | (122.72)                             | (425.19)   |
|           | <b>Cash generated from operations</b>                                 |                                      | 3,101.71   |                                      | 3,069.80   |
|           | Less : Direct taxes paid net of refund                                |                                      | 389.49     |                                      | 477.56     |
|           | <b>Net cash generated from operating activities</b>                   |                                      | 2,712.22   |                                      | 2,592.24   |
| <b>B.</b> | <b>Cash flow from investing activities</b>                            |                                      |            |                                      |            |
|           | Purchase of fixed assets including capital advances                   |                                      | (1,728.01) |                                      | (480.83)   |
|           | Proceeds from sale of fixed assets                                    |                                      | 15.86      |                                      | 55.73      |
|           | (Purchase) / Sale of investments                                      |                                      | 1,919.35   |                                      | (893.47)   |
|           | Investment income                                                     |                                      | 5.71       |                                      | 27.72      |
|           | Interest received                                                     |                                      | 43.87      |                                      | 73.89      |
|           | Dividend received                                                     |                                      | 30.30      |                                      | 93.98      |
|           | <b>Net cash used in investing activities</b>                          |                                      | 287.08     |                                      | (1,122.97) |
| <b>C.</b> | <b>Cash flow from Financing activities</b>                            |                                      |            |                                      |            |
|           | Net increase / (Decrease) in working capital borrowings               |                                      | (692.81)   |                                      | 1,297.88   |
|           | Term loan Borrowings                                                  |                                      | 730.39     |                                      | -          |
|           | Repayment Term loan Borrowings                                        |                                      | (2,607.16) |                                      | (1,738.58) |
|           | Finance Cost                                                          |                                      | (583.24)   |                                      | (575.56)   |
|           | Dividend paid                                                         |                                      | (414.44)   |                                      | -          |
|           | Dividend Distribution tax paid                                        |                                      | (85.19)    |                                      | -          |
|           | <b>Net cash used in financing activities</b>                          |                                      | (3,652.46) |                                      | (1,016.27) |
|           | <b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b> |                                      | (653.16)   |                                      | 453.00     |
|           | Reconciliation                                                        |                                      |            |                                      |            |
|           | Cash and cash equivalents as at beginning of the year                 |                                      | 695.98     |                                      | 242.97     |
|           | Cash and cash equivalents as at end of the year                       |                                      | 42.82      |                                      | 695.98     |
|           | <b>Net (increase) / decrease in cash and cash equivalents</b>         |                                      | 653.16     |                                      | (453.00)   |

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P. Chandrasekar LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : June 17, 2020

For and on behalf of the Board of Directors

**Arjun B. Kothari**  
Managing Director**P.S. Gopalakrishnan**  
Director**R. Prakash**  
Company Secretary**R. Krishnan**  
Chief Financial Officer

**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.

KSCL has two sugar factories having a capacity to crush 6400 Tons of Cane per day, generate 33 MW of power and a distillery having a capacity of 60 KLPD.

The functional and presentation currency of the Company is Indian Rupees ("₹") which is the currency of the primary economic environment in which the Company operates.

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Statement of Compliance**

The Financial Statements have been prepared in accordance with Ind AS notified under section 133 of the Companies Act 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases. Ind AS 116 is effective from reporting periods beginning on or after April 1, 2019.

Ind AS 116 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Under Ind AS 116 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. This is a significant change compared to Ind AS 17, under which lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). Ind AS 116 gives lessees optional exemptions for certain short-term leases and leases of low-value assets.

In the statement of profit and loss lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. In the cash flow statement, cash payments for the principal portion of the lease liability and its related interest are classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

The accounting by lessors will not significantly change. As under Ind AS 17, the lessor will continue to classify leases as either finance or operating, depending on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred. For a finance lease the lessor recognises a receivable, and for an operating

lease the lessor continues to recognise the underlying asset.

**Presentation**

A lessee shall either present in the balance sheet, or disclose in the notes:

- Right-of-use assets separately from other assets.
- Lease liabilities separately from other liabilities.

**1.1 Basis of preparation and presentation**

The Financial Statements have been prepared in accordance with Ind AS notified under section 133 of the Companies Act 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principle accounting policies are set out below:

## 1.2 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

### a. Sale of goods

Revenue from the sale of goods is recognized when the goods are dispatched and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In barter transaction, revenue is recognized at fair value of the goods given up when the goods are dispatched.

### b. Rendering of Services

Revenue from a contract to provide services is based on the agreements/ arrangements with the concerned parties and when services are rendered.

### c. Dividend and interest income

- i) Dividend income from investments is recognized when the shareholder's right to receive payment has been established.
- ii) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### d. Insurance Claims

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

## 1.3 Leasing

Leases are classified in accordance with Ind AS 116, Standards for Leases which is effective from 01<sup>st</sup> April 2019. Below conditions need to be fulfilled if the contract is to be classified as lease:

- Identified asset.
- Lessee obtains substantially all of the economic benefits.
- Lessee directs the use.

### Lessee Accounting:

- A Lessee will recognise assets and liabilities for all leases for a term of more than 12 months, unless the underlying asset is of low value.
- A Lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.
- A lessee will measure right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.
- A lessee recognises depreciation of the right-of-use asset and interest on the lease liability (as per IND AS 17 the same was classified as rent in case of operating lease on a straight-line basis)
- Lease liability = Present value of lease rentals + present value of expected payments at the end of lease. The lease liability will be amortised using the effective interest rate method.
- Lease term = non-cancellable period + renewable period if lessee reasonably certain to exercise.
- Right to use asset = Lease liability + lease payments (advance)-lease incentives to be received if any initial + initial direct costs + cost of dismantling/ restoring etc. The asset will be depreciated as per IND AS 16 Property plant and equipment.

### Lessor Accounting:

- A lessor shall classify each of its leases as either an operating lease or a finance lease.
- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.
- For operating leases, lessors continue to recognize the underlying asset.

- For finance leases, lessors derecognize the underlying asset and recognize a net investment in the lease.

#### **1.4 Functional and presentation currency and Foreign Currency Transactions**

Items included in the Financial Statements of the company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The Financial Statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the company.

In preparing the Financial Statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

#### **1.5 Borrowing and related costs**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs), and the redemption amount is recognized in Profit and Loss over the period of borrowings using effective interest method.

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### **1.6 Government grants**

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

Government grants related to revenue nature are recognized on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate and are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other Income"

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates

#### **1.7 Employee Benefits**

##### **a. Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement.

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions paid/payable to defined contribution plans comprising of Superannuation and Provident Funds for certain employees covered under the respective Schemes are recognized in the Statement of Profit and Loss each year.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

#### **b. Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

Gratuity for certain employees is covered under a Scheme of Reliance Life Insurance Co.Limited and contributions in respect of such scheme are recognized in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out as at the end of the year.

### **1.8 Earnings per Share**

The company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

### **1.9 Taxation**

Income tax expense represents the sum of the tax currently payable net of MAT (Minimum Alternate Tax) credit utilization and deferred tax

#### **a. Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that

are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously

#### **b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

### **MAT Credit**

This represents amount paid in earlier years under the Minimum Alternate Tax as per section 115JB of the Income Tax Act. The said credit shall be utilized subject to the conditions set out in section 115JAA to offset the current tax when the company starts paying Income Tax under regular tax regime.

### **c. Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

### **1.10 Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

Assets costing ₹ 5,000 and below are depreciated over a period of one year.

Assets on leased premises are depreciated on the remaining period of lease or as per the useful life prescribed in schedule II of the Companies Act 2013 whichever is earlier

An item of property, plant and equipment is de-recognized upon disposal or when no future economic

benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **1.11 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognized.

### **1.12 Intangible Assets**

#### **Intangible assets acquired separately**

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

#### **a. De-recognition of intangible assets**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is de-recognized.

#### **b. Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows: Licenses 3 to 6 years.

### 1.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories.

The cost of inventories is computed on weighted average basis. Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. Such write downs are recognized in the Statement of Profit and Loss. When the reason for a write-down of the inventories ceases to exist, the write-down is reversed.

### 1.14 Provisions

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

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

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

### 1.15 Financial instruments

Financial assets and financial liabilities are recognized when a company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 1.16 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

#### a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition). The debt instruments carried at amortized cost include Deposits, Debtors, Loans and advances recoverable in cash.

The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All other financial assets are subsequently measured at fair value.

#### b. Effective interest method

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

Expense is recognized on an effective interest basis for debt instruments other than those financial liabilities classified as at FVTPL. Interest expense is recognized in profit or loss and is included in the Finance cost line item.

#### c. Investments in equity instruments at FVTPL (Fair Value Through Profit and Loss account)

The company has elected to carry investment in equity instruments as Fair value through Profit and

Loss account. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in profit and loss account pertaining to investments in equity instruments. This election is permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in Profit and Loss account.

The company has certain strategic equity investments and some are held for trading. The Company has elected the FVTPL irrevocable option for these investments (see note 6). Fair value is determined in the manner described in note 40.2.

Dividends on these investments in equity instruments are recognized in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss is included in the 'Other income' line item.

**d. Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**e. Impairment of financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all

the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information or case to case basis.

**f. De-recognition of financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

**1.17 Financial liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement

approach applies, financial guarantee contracts issued by the company, and commitments issued by the company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**(i) Financial liabilities at FVTPL**

Financial liabilities at FVTPL include derivative liabilities. Non-derivative financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL. There are no non-derivative financial liabilities carried at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Fair value is determined in the manner described in note 40.2.

**(ii) Financial liabilities subsequently measured at amortized cost**

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

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

**(iii) De-recognition of financial liabilities**

The company de-recognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**1.18 Cash flow statement**

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

**1.19 Key sources of estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

**a. Fair value measurement and valuation processes**

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 3 and 40.2.

**1.20 Operating Cycle**

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**1.21 Rounding off amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 2**
**PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS**

(₹ in Lakhs)

| Particulars                | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|----------------------|----------------------|
| <b>Carrying amounts of</b> |                      |                      |
| Freehold land              | 363.23               | 363.23               |
| Building                   | 2,053.24             | 2,144.59             |
| Plant and Equipment        | 14,251.97            | 13,803.73            |
| Furniture and Fixtures     | 27.39                | 30.59                |
| Vehicles                   | 379.03               | 193.93               |
| <b>Total</b>               | <b>17,074.85</b>     | <b>16,536.06</b>     |
| Capital work-in-progress   | -                    | 110.27               |
|                            | 17,074.85            | 16,646.34            |

| Particulars                      | Freehold land | Building        | Plant and Equipment | Furniture and fixtures | Vehicles      | Total            |
|----------------------------------|---------------|-----------------|---------------------|------------------------|---------------|------------------|
| <b>Cost or Deemed cost</b>       |               |                 |                     |                        |               |                  |
| Balance at April 01, 2018        | 363.23        | 2,660.40        | 17,129.86           | 51.82                  | 300.51        | 20,505.82        |
| Additions                        | -             | 3.51            | 151.04              | 0.74                   | 10.14         | 165.44           |
| Disposals                        | -             | 0.88            | 50.74               | -                      | 0.54          | 52.16            |
| <b>Balance at March 31, 2019</b> | <b>363.23</b> | <b>2,663.03</b> | <b>17,230.16</b>    | <b>52.56</b>           | <b>310.11</b> | <b>20,619.10</b> |
| Additions                        | -             | 21.27           | 1,553.61            | 2.45                   | 260.94        | 1,838.28         |
| Disposals                        | -             | -               | -                   | -                      | 105.00        | 105.00           |
| <b>Balance at March 31, 2020</b> | <b>363.23</b> | <b>2,684.30</b> | <b>18,783.78</b>    | <b>55.01</b>           | <b>466.05</b> | <b>22,352.37</b> |

| Particulars                                    | Freehold land | Building      | Plant and Equipment | Furniture and fixtures | Vehicles      | Total           |
|------------------------------------------------|---------------|---------------|---------------------|------------------------|---------------|-----------------|
| <b>Accumulated depreciation and impairment</b> |               |               |                     |                        |               |                 |
| Balance at April 01, 2018                      | -             | 396.87        | 2,329.81            | 16.11                  | 65.68         | 2,808.47        |
| Disposals                                      | -             | -             | -                   | -                      | -             | -               |
| Depreciation expenses                          | -             | 121.57        | 1,096.62            | 5.86                   | 50.50         | 1,274.56        |
| <b>Balance at March 31, 2019</b>               | <b>-</b>      | <b>518.44</b> | <b>3,426.43</b>     | <b>21.97</b>           | <b>116.18</b> | <b>4,083.03</b> |
| Disposals                                      | -             | -             | -                   | -                      | 95.14         | 95.14           |
| Depreciation expenses                          | -             | 112.62        | 1,105.38            | 5.65                   | 65.98         | 1,289.63        |
| <b>Balance at March 31, 2020</b>               | <b>-</b>      | <b>631.06</b> | <b>4,531.81</b>     | <b>27.62</b>           | <b>87.03</b>  | <b>5,277.52</b> |
| Carrying amount as on March 31, 2019           | 363.23        | 2,144.59      | 13,803.73           | 30.59                  | 193.93        | 16,536.06       |
| Carrying amount as on March 31, 2020           | 363.23        | 2,053.24      | 14,251.97           | 27.39                  | 379.03        | 17,074.85       |

(Details of assets offered as securities is provided in Note 15)

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 3****INVESTMENT PROPERTY**

(₹ in Lakhs)

| Particulars                | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|----------------------|----------------------|
| <b>Carrying amounts of</b> |                      |                      |
| Investment property        | 113.68               | 116.05               |
| <b>Total</b>               | <b>113.68</b>        | <b>116.05</b>        |

| Particulars                          | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| <b>Cost or Deemed cost</b>           |                      |                      |
| Balance at the beginning of the year | 161.25               | 161.25               |
| <b>Balance at end of the year</b>    | <b>161.25</b>        | <b>161.25</b>        |

| Particulars                                    | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------------|----------------------|----------------------|
| <b>Accumulated depreciation and impairment</b> |                      |                      |
| Balance at the beginning of the year           | 45.20                | 42.83                |
| Depreciation expenses                          | 2.37                 | 2.37                 |
| <b>Balance at end of the year</b>              | <b>47.57</b>         | <b>45.20</b>         |

All the Company's investment properties are held under freehold interests.

**3.1 Fair value of the Company's investment properties**

The following table gives details of the fair value of the Company's investment properties as at March 31, 2020 and March 31, 2019.

| Particulars                               | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------------|----------------------|----------------------|
| Land and Building in Tamilnadu            | 1,109.98             | 1,075.42             |
| Land and Building other than in Tamilnadu | 1,427.32             | 1,367.14             |
| <b>Total</b>                              | <b>2,537.30</b>      | <b>2,442.56</b>      |

The fair value of the Company's investment properties as at March 31, 2020 and March 31, 2019 has been arrived at on the basis of a valuation carried out by an independent valuer not related to the Company.

**Note - 4****OTHER INTANGIBLE ASSETS**

(₹ in Lakhs)

| Particulars                | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|----------------------|----------------------|
| <b>Carrying amounts of</b> |                      |                      |
| Software and licenses      | 20.10                | 25.03                |
| <b>Total</b>               | <b>20.10</b>         | <b>25.03</b>         |

| Particulars                          | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| <b>Cost or Deemed cost</b>           |                      |                      |
| Balance at the beginning of the year | 65.10                | 65.10                |
| Additions                            | -                    | -                    |
| <b>Balance at end of the year</b>    | <b>65.10</b>         | <b>65.10</b>         |

| Particulars                                    | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------------|----------------------|----------------------|
| <b>Accumulated depreciation and impairment</b> |                      |                      |
| Balance at the beginning of the year           | 40.07                | 35.63                |
| Depreciation expenses                          | 4.93                 | 4.45                 |
| <b>Balance at end of the year</b>              | <b>45.00</b>         | <b>40.07</b>         |
| <b>Carrying amount at the end of year</b>      | <b>20.10</b>         | <b>25.03</b>         |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

| (₹ in Lakhs)                                                                        |                          |                      |                          |                      |  |
|-------------------------------------------------------------------------------------|--------------------------|----------------------|--------------------------|----------------------|--|
|                                                                                     | No. Shares / Bonds/Units | As at March 31, 2020 | No. Shares / Bonds/Units | As at April 01, 2019 |  |
| <b>I. Quoted Investments</b>                                                        |                          |                      |                          |                      |  |
| <b>a) Investments in Equity Instruments at FVTPL</b>                                |                          |                      |                          |                      |  |
| KOTHARI PETROCHEMICALS LIMITED (₹ 10 EACH)                                          | 1,000                    | 0.11                 | 6,059,000                | 1,136.06             |  |
| GUJARAT PETROSYNTHESIS LTD (₹ 10 EACH)                                              | 5,000                    | 0.28                 | 5,000                    | 1.11                 |  |
| <b>Total</b>                                                                        |                          | <b>0.39</b>          |                          | <b>1,137.17</b>      |  |
| <b>b) Other Investments in Mutual Funds / Bonds/NCD at FVTPL</b>                    |                          |                      |                          |                      |  |
| HDFC FMP 1107D - SERIES 36                                                          | -                        | -                    | 2,000,000                | 251.91               |  |
| RELIANCE FIXED HORIZON FUND - SERIES 17                                             | -                        | -                    | 1,300,000                | 164.28               |  |
| RELIANCE FIXED HORIZON FUND - SERIES 19                                             | -                        | -                    | 2,000,000                | 250.22               |  |
| ICICI PRUDENTIAL FMP SERIES 79                                                      | -                        | -                    | 1,000,000                | 124.89               |  |
| HDFC FMP 1113D - SERIES 36                                                          | -                        | -                    | 1,000,000                | 124.02               |  |
| HDFC FMP 1199D - SERIES 37                                                          | 268,914                  | 34.51                | 268,914                  | 31.60                |  |
| IDFC CORPORATE BOND FUND                                                            | 1,930,875                | 319.91               | 1,930,875                | 248.32               |  |
| TATA MOTORS FINANCE LIMITED                                                         | 30                       | 328.01               | 30                       | 333.00               |  |
| IFCI LIMITED                                                                        | -                        | -                    | 10,000                   | 101.18               |  |
| IDFC YEARLY SERIES INTERVAL FUND (SERIES II)                                        | 66,259                   | 11.66                | 66,259                   | 10.88                |  |
| RELIANCE FIXED HORIZON FUND - SERIES 15                                             | 3,000,000                | 337.29               | 3,000,000                | 306.61               |  |
| HDFC FMP 1133 D - SERIES 44                                                         | 2,000,000                | 222.97               | 2,000,000                | 202.74               |  |
| IDFC FIXED TERM PLAN SERIES 178                                                     | 2,000,000                | 221.13               | 2,000,000                | 200.69               |  |
| IDFC ULTRA SHORT TERM FUND                                                          | 1,410,775                | 160.92               | 1,410,775                | 149.61               |  |
| HDFC ULTRA SHORT TERM FUND                                                          | -                        | -                    | 1,882,978                | 197.23               |  |
| RELIANCE ULTRA SHORT DURATION FUND                                                  | -                        | -                    | 4,625                    | 141.36               |  |
| ADITYA BIRLA SUNLIFE SAVINGS FUND                                                   | 125,476                  | 502.94               | 172,577                  | 641.57               |  |
| FRANKLIN INDIA ULTRA SHORT TERM BOND FUND                                           | 302,081                  | 83.54                | 765,143                  | 201.86               |  |
| ICICI PRU CORPORATE BOND FUND                                                       | 798,734                  | 171.81               | -                        | -                    |  |
| ABSL CORPORATE BOND FUND                                                            | 193,586                  | 152.71               | -                        | -                    |  |
| HDFC MONEY MARKET FUND                                                              | 8,937                    | 377.15               | -                        | -                    |  |
| ALTERNATIVE INVESTMENT FUND                                                         | 300,000                  | 24.19                | -                        | -                    |  |
| IDFC BANKING AND PSU DEBT FUND                                                      | 332,221                  | 59.68                | -                        | -                    |  |
| <b>Total</b>                                                                        |                          | <b>3,008.41</b>      |                          | <b>3,681.96</b>      |  |
| <b>Total Quoted Investments</b>                                                     |                          | <b>3,008.80</b>      |                          | <b>4,819.14</b>      |  |
| <b>I. Un-quoted Investments</b>                                                     |                          |                      |                          |                      |  |
| <b>a) Investments in Equity Instruments at Cost</b>                                 |                          |                      |                          |                      |  |
| BIO-TECH CONSORTIUM LTD (₹ 10 EACH)                                                 | 50,000                   | 5.00                 | 50,000                   | 5.00                 |  |
| KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES CO-OPERATIVE SOCIETY LTD OF ₹ 10/- EACH. | 2,086                    | 0.20                 | 2,086                    | 0.20                 |  |
| KOTHARI BIOTECH LIMITED (₹ 10/- EACH)                                               | -                        | -                    | 20                       | 0.003                |  |
| <b>Total Un-quoted Investments</b>                                                  |                          | <b>5.20</b>          |                          | <b>5.20</b>          |  |
| <b>Total other Investments - Current</b>                                            |                          | <b>3,014.00</b>      |                          | <b>4,824.34</b>      |  |

## Note - 6

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars                         | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|----------------------|----------------------|
| Considered Good - Secured           |                      | -                    |
| Considered Good - Unsecured         | 2,704.43             | 1,702.38             |
| Significant Increase in credit risk | 28.83                | 28.83                |
|                                     | <b>2,733.27</b>      | <b>1,731.21</b>      |
| <b>Current</b>                      | 2,733.27             | 1,731.21             |
| <b>Non-current</b>                  | -                    | -                    |

The credit period on sale of goods ranges from 0 to 30 days. No interest is charged on trade receivables.

The Company uses available information in the public domain and on its own internal assesment and trading records before accepting any customer.

## TRADE RECEIVABLES ARE FURTHER ANALYSED AS FOLLOWS

(₹ in Lakhs)

| Particulars          | As at March 31, 2020 | As at March 31, 2019 |
|----------------------|----------------------|----------------------|
| Within Credit period | 453.61               | 680.28               |
| 31-60 days           | 481.75               | 637.62               |
| 61-90 days           | 21.38                | 84.86                |
| More than 90 days    | 1,776.53             | 328.45               |
| <b>Total</b>         | <b>2,733.27</b>      | <b>1,731.21</b>      |

## Note - 7

## OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars                           | Non-Current          |                      | Current              |                      |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                       | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| <b>At Amortised Cost</b>              |                      |                      |                      |                      |
| a) Security Deposit                   | 102.53               | 89.91                | 112.24               | 33.90                |
| b) Interest receivable                | -                    | -                    | 72.50                | 10.95                |
| c) Advance recoverable in cash        |                      |                      |                      |                      |
| (i) Unsecured and Considered good     | 2.15                 | 2.15                 | 148.60               | 151.26               |
| (ii) Considered doubtful              | -                    | -                    | -                    | -                    |
| Less: Provision for Doubtful advances | -                    | -                    | -                    | -                    |
| <b>Total</b>                          | <b>104.69</b>        | <b>92.06</b>         | <b>333.34</b>        | <b>196.11</b>        |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 8**
**OTHER ASSETS**

(₹ in Lakhs)

| Particulars                                                  | Non-Current          |                      | Current              |                      |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                              | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| a) Capital Advances                                          | -                    | -                    | -                    | 205.12               |
| b) Balance with Customs and Central Excise / GST authorities | -                    | -                    | 225.87               | 144.37               |
| c) Advance recoverable in kind or for value to be received   |                      |                      |                      |                      |
| (i) Unsecured and Considered good                            | 1.44                 | 1.44                 | 1,013.77             | 328.80               |
| (ii) Considered doubtful                                     | -                    | -                    | -                    | -                    |
| Less: Provision for Doubtful advances                        | -                    | -                    | -                    | -                    |
| <b>Total</b>                                                 | <b>1.44</b>          | <b>1.44</b>          | <b>1,239.64</b>      | <b>678.29</b>        |

**Note - 9**
**INVENTORIES**

(₹ in Lakhs)

| Particulars                                   | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------------------|----------------------|----------------------|
| <b>a) Raw Materials</b>                       | 247.34               | 211.78               |
| b) Work-in-Process                            | 127.51               | 457.45               |
| c) Finished goods                             | 11,544.08            | 12,547.95            |
| d) Stores and spares                          | 622.86               | 631.03               |
| Less: Writedown of non-moving stores & spares | (125.19)             | -                    |
| <b>Total</b>                                  | <b>12,416.60</b>     | <b>13,848.21</b>     |

The cost of inventories recognised as an expense during the year was ₹ 23961.80 Lakhs (2018-19 ₹ 24,592.34 Lakhs)

**Note - 10**
**CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

| Particulars                  | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------|----------------------|----------------------|
| <b>a) Balances with Bank</b> |                      |                      |
| (i) In Current account       | 30.82                | 694.33               |
| (ii) In Deposit account      | 10.00                | -                    |
| b) Cash on hand              | 2.00                 | 1.65                 |
| <b>Total</b>                 | <b>42.82</b>         | <b>695.98</b>        |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 11

## OTHER BANK BALANCES

(₹ in Lakhs)

| Particulars                                             | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------------------------|----------------------|----------------------|
| <b>a) Balances with banks in earmarked accounts</b>     |                      |                      |
| (i) In unpaid Dividend account                          | 14.02                | 9.75                 |
| (ii) In margin money accounts for Bank Guarantee issued | 4.71                 | 47.29                |
| <b>Total</b>                                            | <b>18.73</b>         | <b>57.04</b>         |

## Note - 12

## CURRENT TAX ASSET AND LIABILITIES

(₹ in Lakhs)

| Particulars                 | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|----------------------|----------------------|
| Tax refund receivable (net) | 214.10               | 147.78               |
| <b>Total</b>                | <b>214.10</b>        | <b>147.78</b>        |

## Note - 13

## EQUITY SHARE CAPITAL

(₹ in Lakhs)

| Particulars                                                                          | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>AUTHORISED</b>                                                                    |                      |                      |
| Equity Shares :                                                                      |                      |                      |
| 13,00,00,000 Equity shares of ₹ 10 each<br>(March 31, 2019 - 13,00,00,000)           | 13,000.00            | 13,000.00            |
| 12,00,000 Redeemable Preference shares of ₹ 100 each<br>(March 31, 2019 - 12,00,000) | 1,200.00             | 1,200.00             |
| 20,00,000 Redeemable Preference shares of ₹ 10 each<br>(March 31, 2019 - 20,00,000)  | 200.00               | 200.00               |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>                                          |                      |                      |
| 8,28,88,580 Equity Shares of ₹ 10/- each<br>(March 31, 2019 - 8,28,88,580)           | 8,288.86             | 8,288.86             |
| <b>Total</b>                                                                         | <b>8,288.86</b>      | <b>8,288.86</b>      |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**13.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.**

| Reconcilitaion                                     | 2019-20       |          | 2018-19       |          |
|----------------------------------------------------|---------------|----------|---------------|----------|
|                                                    | No. of shares | ₹ Lakh   | No. of shares | ₹ Lakh   |
| <b>a) Equity Shares of ₹ 10 each fully paid up</b> |               |          |               |          |
| At the beginning of the period                     | 8,28,88,580   | 8,288.86 | 8,28,88,580   | 8,288.86 |
| At the end of the period                           | 8,28,88,580   | 8,288.86 | 8,28,88,580   | 8,288.86 |

**13.2 Details of shares held by each shareholder holding more than 5 percent of equity shares in the Company:**

| Reconcilitaion                                            | No. of shares held as at |       |                |       |
|-----------------------------------------------------------|--------------------------|-------|----------------|-------|
|                                                           | March 31, 2020           |       | March 31, 2019 |       |
|                                                           | Nos.                     | %     | Nos.           | %     |
| Parvathi Trading and Finance Co Pvt.Ltd (Holding Company) | 5,81,86,610              | 70.20 | 5,81,86,610    | 70.20 |

**13.3 Term attached to Equity Shares:**

The Company has one class of equity share having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. All equity shares have equal rights to receive or participate in any dividend or other distribution in respect of such shares.

**Note - 14**
**OTHER EQUITY**

(₹ in Lakhs)

| Particulars                                                                  | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Capital Redemption Reserve</b>                                            | 1,400.00             | 1,400.00             |
| Debenture Redemption Reserve                                                 | 750.00               | 750.00               |
| General Reserve                                                              | 1,178.60             | 1,178.60             |
| Actuarial valuation movement through other comprehensive income (net of tax) | (3.72)               | (3.96)               |
| Retained earnings                                                            | 5,034.66             | 3,592.71             |
| <b>Total</b>                                                                 | <b>8,359.55</b>      | <b>6,917.35</b>      |

| Particulars                                          | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------------------|----------------------|----------------------|
| <b>a) Capital Redemption Reserve</b>                 |                      |                      |
| Opening balance                                      | 1,400.00             | 1,400.00             |
| Add: Appropriation from statement of Profit and Loss | -                    | -                    |
| <b>Closing Balance</b>                               | <b>1,400.00</b>      | <b>1,400.00</b>      |

The capital redemption reserve is created out of the statutory requirement to create such reserve on redemption of Preference shares. These are not available for distribution of dividend and wil not be reclassified subsequently to profit or loss.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

|                                                      |                 |                 |
|------------------------------------------------------|-----------------|-----------------|
| <b>b) Debenture Redemption Reserve</b>               |                 |                 |
| Opening balance                                      | 750.00          | 750.00          |
| Add: Appropriation from statement of Profit and Loss | -               | -               |
| <b>Closing Balance</b>                               | <b>750.00</b>   | <b>750.00</b>   |
| <b>c) General Reserve</b>                            |                 |                 |
| Opening balance                                      | 1,178.60        | -               |
| <b>Closing Balance</b>                               | <b>1,178.60</b> | <b>1,178.60</b> |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss except to the extent permitted as per Companies Act, 2013 and Rules made thereunder.

|                                                                                                                                                                                                                                                                                                 |                 |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>d) Actuarial movement through Other Comprehensive Income</b>                                                                                                                                                                                                                                 |                 |                 |
| Opening balance                                                                                                                                                                                                                                                                                 | (3.96)          | (2.13)          |
| Additions/(Deletions)                                                                                                                                                                                                                                                                           | 0.24            | (1.83)          |
| <b>Closing Balance</b>                                                                                                                                                                                                                                                                          | <b>(3.72)</b>   | <b>(3.96)</b>   |
| <b>e) Retained Earnings</b>                                                                                                                                                                                                                                                                     |                 |                 |
| Opening balance                                                                                                                                                                                                                                                                                 | 3,592.71        | 2,321.67        |
| <b>Less: Dividend on Equity Shares</b>                                                                                                                                                                                                                                                          | <b>499.63</b>   | <b>-</b>        |
| <b>Profit /(Loss) for the year</b>                                                                                                                                                                                                                                                              | <b>1,941.59</b> | <b>1,271.04</b> |
| <b>Closing Balance</b>                                                                                                                                                                                                                                                                          | <b>5,034.66</b> | <b>3,592.71</b> |
| The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial performance of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety. |                 |                 |
| <b>Total Other Equity</b>                                                                                                                                                                                                                                                                       | <b>8,359.55</b> | <b>6,917.35</b> |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 15**
**NON-CURRENT BORROWINGS**

(₹ in Lakhs)

| Particulars                                                 | Non-Current Portion  |                      | Current Maturities   |                      |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                             | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| <b>Unsecured - at amortised cost</b>                        |                      |                      |                      |                      |
| i) Term Loans from others                                   | -                    | 276.56               | -                    | -                    |
| ii) Liability component of Term Loan                        | -                    | 224.21               | -                    | -                    |
| <b>Sub-total</b>                                            | -                    | <b>500.77</b>        | -                    | -                    |
| <b>Secured - at amortised cost</b>                          |                      |                      |                      |                      |
| i) Bonds / Debentures (Holding Company)                     | -                    | 576.11               | -                    | -                    |
| ii) Liability component of Bonds/ Debentures                | -                    | 578.51               | -                    | -                    |
| iii) Bonds / Debentures (others)                            | -                    | 187.57               | -                    | -                    |
| iv) Liability component of Bonds/ Debentures                | -                    | 198.68               | -                    | -                    |
| v) Term Loans from Banks                                    | 506.22               | 178.07               | 403.36               | 231.28               |
| vi) Term Loans from Sugar Development Fund (Govt. of India) | 30.38                | 165.39               | 135.00               | 414.44               |
| vii) Term Loans from others                                 | -                    | 251.18               | -                    | -                    |
| viii) Liability component of Term Loan                      | -                    | 315.45               | -                    | -                    |
| <b>Sub-Total</b>                                            | <b>536.60</b>        | <b>2,450.96</b>      | <b>538.36</b>        | <b>645.71</b>        |
| <b>Grand Total</b>                                          | <b>536.60</b>        | <b>2,951.73</b>      | <b>538.36</b>        | <b>645.71</b>        |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 15 (cont)

## SUMMARY OF BORROWING ARRANGEMENTS

(₹ in Lakhs)

| Particulars                                                      | As at March 31, 2020 | As at March 31, 2019 | Rate of interest % | Amount of each installment | Security                                                                                                                                                                                        | Terms of Repayment                                                 |
|------------------------------------------------------------------|----------------------|----------------------|--------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Zero Coupon Bonds (₹ 100 each Redeemable at par) Holding Company | -                    | 1,029.79             | -                  | -                          | First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamilnadu, except book debts of the Company.                                           | Settled during the month of Feb'20 at an applicable discount rate  |
| Debentures (₹ 100 each) - Holding Company                        | -                    | 124.83               | -                  | -                          | First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamilnadu, except book debts of the Company.                                           | Settled during the month of Feb'20 at an applicable discount rate  |
| Term Loan - Holding Company)                                     | -                    | 566.63               | -                  | -                          | Hypothecation of Movable properties including plant and machinery situated at Kattur unit, Tamil Nadu.                                                                                          | Settled during the month of Feb'20 at an applicable discount rate  |
| Zero Coupon Bonds (₹ 100 each Redeemable at par)-others          | -                    | 386.25               | -                  | -                          | First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamilnadu, except book debts of the Company.                                           | Settled during the month of Feb'20 at an applicable discount rate  |
| Term Loan - others                                               | -                    | 500.77               | -                  | -                          | Unsecured                                                                                                                                                                                       | Settled during the month of Feb'20 at an applicable discount rate  |
| Indian Bank (Sathamangalam Modernisation)                        | 179.19               | 392.39               | 10.95              | 17.86                      | Parri Passu First charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit with Sugar Development Fund | Repayable in 84 monthly instalments. Last Instalment due on Jan'21 |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

| Particulars                                            | As at March 31, 2020 | As at March 31, 2019 | Rate of interest % | Amount of each installment | Security                                                                                                                                                                            | Terms of Repayment                                                             |
|--------------------------------------------------------|----------------------|----------------------|--------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <b>Sugar Development Fund Loans</b>                    |                      |                      |                    |                            |                                                                                                                                                                                     |                                                                                |
| Kattur Plant Modernisation and Expansion of Sugar unit | -                    | 256.62               | 4.00               | -                          | Exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. . Rate of Interest 4% p.a.                         | Repaid as per Schedule.                                                        |
| Sathamangalam unit Cane development (Tranche II)       | -                    | 22.83                | 6.75               | -                          | Bank Guarantee.                                                                                                                                                                     | Repaid as per Schedule.                                                        |
| Sathamangalam unit Cane development (Tranche I)        | 74.25                | 148.50               | 7.00               | 37.12                      | Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit with Indian Bank.  | Repayment 8 half yearly installments starting from June 2017 to December 2020. |
| Sathamangalam unit Cane development (Tranche II)       | 91.13                | 151.88               | 7.00               | 30.38                      | Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit with Indian Bank. | Repayment 8 half yearly installments starting from January 2018 to July 2021.  |
| <b>Others</b>                                          |                      |                      |                    |                            |                                                                                                                                                                                     |                                                                                |
| Kattur Distillery Plant Modernisation *                | 730.39               | -                    | 10.25              | 25.00                      |                                                                                                                                                                                     | Repayment 48 monthly installments starting from July 2020.                     |
| HDFC Bank (Vehicle loan)                               | -                    | 16.96                | 8.71               |                            | Secured by hypothecation of vehicle purchased.                                                                                                                                      | Repaid as per Schedule.                                                        |
| <b>Total</b>                                           | <b>1,074.96</b>      | <b>3,597.45</b>      |                    |                            |                                                                                                                                                                                     |                                                                                |

\* As per sanction the Company is eligible to draw upto ₹1200 lakhs.

**Note - 16**
**SHORT TERM BORROWINGS**

(₹ in Lakhs)

| Particulars                                   | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------------------|----------------------|----------------------|
| <b>Secured - at amortised cost</b>            |                      |                      |
| Loan repayable on demand (refer note a below) | <b>7,278.85</b>      | <b>7,971.66</b>      |

a) Working capital facilities of ₹ 5443.89 in the form of open cash credit and a sum of ₹ 1834.96 lakhs on account of soft loan for a period of one year with repayment due on 28<sup>th</sup> May 2020 has been availed from Indian Bank. The loans were secured by Parri Passu first charge on land, buildings and Plant and equipment and all the movable properties (present and future) of Sathamangalam sugar and Co-generation Unit with Sugar Development Fund and hypothecation of Finished Goods / Work-in-process/stores and spares and book debts.

## Note - 17

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE PAYABLES

(₹ in Lakhs)

| Particulars                                                                               | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| (a) Total Outstanding dues to Micro and Small and Medium enterprises                      | 10.80                | 2.72                 |
| (b) Total Outstanding dues of creditors other than Micro and Small and Medium enterprises | 7,663.94             | 7,998.86             |
| <b>Employee related</b>                                                                   | <b>140.30</b>        | <b>120.61</b>        |
| <b>Total</b>                                                                              | <b>7,815.03</b>      | <b>8,122.19</b>      |

Trade payables are non-interest bearing are normally settled between 30-45 days.

## Dues to MSME

(₹ in Lakhs)

| Particulars                               | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------------|----------------------|----------------------|
| (a) Principal outstanding                 | -                    | 2.72                 |
| (b) Interest thereon                      | -                    | 0.06                 |
| (c) Interest Paid by the Company          | -                    | -                    |
| (d) Amount of Interest due and payable    | -                    | 0.06                 |
| (e) Amount of Interest accrued and unpaid | -                    | 0.06                 |

During the course of the current financial year we have obtained details relating to MSME Vendors. Based on the available information we have identified the outstanding as at March 31, 2020.

## Note - 18

## OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars                                     | Current              |                      | Non-Current          |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| <b>At Amortised Cost</b>                        |                      |                      |                      |                      |
| a) Current maturities of long-term debt         | 538.36               | 645.72               | -                    | -                    |
| b) Interest accrued but not due on borrowings   | 3.01                 | 93.69                | -                    | -                    |
| c) Unclaimed dividends (refer note 18.1 & 18.2) | 14.02                | 9.75                 |                      | -                    |
| (i) Advances and Deposits repayable in cash     | 20.52                | 22.35                | -                    | -                    |
| (ii) Other Miscellaneous liabilities            | 38.00                | 75.91                |                      | -                    |
| <b>Total</b>                                    | <b>613.90</b>        | <b>847.42</b>        | <b>-</b>             | <b>-</b>             |

18.1 These amounts represent dividend warrants issued to the shareholders which remained un-presented at their respective year end.

18.2 During the year there are no amount due to be transferred to Investor Education and Protection Fund.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 19**
**OTHER LIABILITIES**

(₹ in Lakhs)

| Particulars                                                                          | Non-Current          |                      | Current              |                      |
|--------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                      | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc) | -                    | -                    | 68.62                | 136.64               |
| b) Advances and Deposits from Customers / others                                     | -                    | -                    | 1,037.99             | 207.10               |
| c) Deferred revenue arising from Interest free deposit                               | 14.59                | 10.80                | 36.28                | -                    |
| d) Gratuity payable                                                                  | -                    | -                    | 67.16                | 44.07                |
| <b>Total</b>                                                                         | <b>14.59</b>         | <b>10.80</b>         | <b>1,210.05</b>      | <b>387.81</b>        |

**Note - 20**
**PROVISIONS**

(₹ in Lakhs)

| Particulars                            | Non-Current          |                      | Current              |                      |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                        | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| a) Compensated absences (Earned Leave) | -                    | -                    | 79.91                | 51.68                |
| b) Related to expenses                 | -                    | -                    | 189.90               | 173.67               |
| <b>Total</b>                           | <b>-</b>             | <b>-</b>             | <b>269.82</b>        | <b>225.35</b>        |

**Note - 21**
**REVENUE FROM OPERATIONS**

(₹ in Lakhs)

| Particulars                  | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|---------------------------|---------------------------|
| (a) Sale of Products         | 34,931.88                 | 32,932.59                 |
| (b) Other operating revenues |                           |                           |
| Technical service fee        | 290.40                    | 264.00                    |
| Scrap sales                  | 58.29                     | 25.19                     |
| <b>Total</b>                 | <b>35,280.57</b>          | <b>33,221.78</b>          |

**Note - 22**
**OTHER INCOME**

(₹ in Lakhs)

| Particulars                                                 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------------------------------------------------|---------------------------|---------------------------|
| (a) Interest income                                         |                           |                           |
| On bank deposits and others                                 | 43.87                     | 73.89                     |
| (b) Dividend Income                                         |                           |                           |
| From equity and Mutual Funds                                | 30.30                     | 93.98                     |
| (c) Other gains or losses                                   |                           |                           |
| Profit on sale of Fixed Assets (net)                        | 6.00                      | 3.57                      |
| Net gain arising on financial assets designated as at FVTPL | 114.72                    | 660.32                    |
| Profit on sale of Shares in Associate Company               | -                         | 664.54                    |
| Profit on sale of Shares in Wholly owned Subsidiary         | -                         | 25.00                     |
| Net gain on foreign currency transaction                    | 0.17                      | -                         |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

| Particulars                                     | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-------------------------------------------------|------------------------------|------------------------------|
| (d) Other non-operating income                  |                              |                              |
| Operating lease rental from Investment property | 52.98                        | 49.48                        |
| Insurance claims received                       | 11.17                        | 14.63                        |
| Liability no longer required written back       | 15.53                        | 12.45                        |
| Interest income others                          | 116.67                       | 128.62                       |
| Other Miscellaneous income                      | 48.46                        | 7.75                         |
| <b>Total</b>                                    | <b>439.86</b>                | <b>1,734.24</b>              |

## Note - 23 COST OF MATERIAL CONSUMED

(₹ in Lakhs)

| Particulars           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------|------------------------------|------------------------------|
| Sugarcane             | 19,115.71                    | 19,371.89                    |
| Coal                  | 260.31                       | 674.70                       |
| Others (Molasses etc) | 3,981.52                     | 3,965.96                     |
| Chemical and Others   | 351.51                       | 320.85                       |
| Packing               | 252.75                       | 258.94                       |
| <b>Total</b>          | <b>23,961.80</b>             | <b>24,592.34</b>             |

## Note - 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE

(₹ in Lakhs)

| Particulars                                      | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--------------------------------------------------|------------------------------|------------------------------|
| <b>Opening Stock :</b>                           |                              |                              |
| <b>Finished goods</b>                            |                              |                              |
| Sugar                                            | 11,763.04                    | 11,006.40                    |
| Molasses                                         | 458.93                       | 300.43                       |
| Industrial Alcohol                               | 325.98                       | 1,159.95                     |
| <b>Work in progress</b>                          |                              |                              |
| Sugar                                            | 444.60                       | 220.53                       |
| Molasses                                         | 12.86                        | 6.65                         |
|                                                  | <b>13,005.41</b>             | <b>12,693.95</b>             |
| <b>Closing Stock :</b>                           |                              |                              |
| <b>Finished goods</b>                            |                              |                              |
| Sugar                                            | 10,429.54                    | 11,763.04                    |
| Molasses                                         | 226.27                       | 458.93                       |
| Industrial Alcohol                               | 888.27                       | 325.98                       |
| <b>Work in progress</b>                          |                              |                              |
| Sugar                                            | 121.83                       | 444.60                       |
| Molasses                                         | 5.68                         | 12.86                        |
| Decrease / (Increase) in stocks                  | 11,671.59                    | 13,005.41                    |
| Less: Excise duty impact reversed on opg. stocks | -                            | 881.09                       |
| <b>Net change (Increase) / Decrease</b>          | <b>1,333.82</b>              | <b>(1,192.55)</b>            |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 25**
**EMPLOYEE BENEFIT EXPENSE**

(₹ in Lakhs)

| Particulars                                   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------------------|------------------------------|------------------------------|
| (a) Salaries, Wages and Bonus                 | 1,818.55                     | 1,662.28                     |
| (b) Contribution to Provident and other Funds | 198.60                       | 172.09                       |
| (c) Workmen and Staff welfare expenses        | 206.02                       | 211.43                       |
| <b>Total</b>                                  | <b>2,223.17</b>              | <b>2,045.79</b>              |

**Note - 26**
**FINANCE COST**

(₹ in Lakhs)

| Particulars                | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------|------------------------------|------------------------------|
| (i) Interest costs         |                              |                              |
| (a) Bank loans             | 679.06                       | 681.53                       |
| (ii) Other borrowing costs | 22.81                        | 22.65                        |
| <b>Total</b>               | <b>701.87</b>                | <b>704.18</b>                |

**Note - 27**
**DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in Lakhs)

| Particulars                      | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------|------------------------------|------------------------------|
| Depreciation/amortisation on     |                              |                              |
| a) Property, Plant and Equipment | 1,289.63                     | 1,274.56                     |
| b) Investment property           | 2.37                         | 2.37                         |
| c) Intangible assets             | 4.93                         | 4.45                         |
| <b>Total</b>                     | <b>1,296.93</b>              | <b>1,281.38</b>              |

**Note - 28**
**OTHER EXPENSES**

(₹ in Lakhs)

| Particulars                              | Year ended March 31, 2020 |        | Year ended March 31, 2019 |        |
|------------------------------------------|---------------------------|--------|---------------------------|--------|
| a) Consumption of stores and spare parts |                           | 962.50 |                           | 941.42 |
| b) Power and Fuel                        |                           | 657.27 |                           | 641.74 |
| c) Rent                                  |                           | 51.79  |                           | 39.81  |
| d) Repairs-Buildings                     | 131.34                    |        | 138.88                    |        |
| e) Repairs-Machinery                     | 703.41                    |        | 618.60                    |        |
| f) Repairs-Others                        | 129.09                    | 963.85 | 123.52                    | 880.99 |
| g) Stores and Spares - write down        |                           | 125.19 |                           | -      |
| h) Biocompost                            |                           | 109.47 |                           | 79.02  |
| i) Insurance                             |                           | 95.53  |                           | 104.67 |
| j) Rates and Taxes                       |                           | 88.95  |                           | 98.57  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

| Particulars                                | Year ended March 31, 2020 |                 | Year ended March 31, 2019 |                 |
|--------------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| k) Excise duty / Service tax /GST expunged |                           | 67.56           |                           | 72.58           |
| l) Freight & Clearing Expenses             |                           | 673.15          |                           | 866.84          |
| m) Directors Sitting fees                  |                           | 8.70            |                           | 8.10            |
| n) Auditor's Remuneration                  |                           | 5.50            |                           | 5.50            |
| o) Travelling Expenses                     |                           | 230.50          |                           | 156.35          |
| p) Professional Fees                       |                           | 189.80          |                           | 160.22          |
| q) Commission                              |                           | 41.81           |                           | 29.09           |
| r) CSR expenditure                         |                           | 20.00           |                           | 10.00           |
| s) Administration Expenses                 |                           | 616.64          |                           | 521.44          |
| t) Bad Debts                               |                           | -               |                           | 152.00          |
| u) Miscellaneous Expenses                  |                           | 27.04           |                           | 9.84            |
| <b>Total</b>                               |                           | <b>4,935.25</b> |                           | <b>4,778.18</b> |

## Note - 29 EXCEPTIONAL ITEMS

(₹ in Lakhs)

| Particulars                                        | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------------------------|---------------------------|---------------------------|
| <b>Exceptional items</b>                           |                           |                           |
| Electricity Related Matters                        | 48.52                     | 465.30                    |
| Excise Duty Refund of earlier years                | (66.69)                   | -                         |
| Reversal on One Time Settlement of Long term loans | (615.74)                  | -                         |
| <b>Total</b>                                       | <b>(633.89)</b>           | <b>465.30</b>             |

## Note - 30 PAYMENT TO AUDITORS

(₹ in Lakhs)

| Particulars                          | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------------------------------------|---------------------------|---------------------------|
| a) Audit Fees - Statutory            | 4.00                      | 4.00                      |
| b) Audit Fees - Limited audit review | 1.50                      | 1.50                      |
| <b>Total</b>                         | <b>5.50</b>               | <b>5.50</b>               |

## Note - 31

## DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY

(₹ in Lakhs)

| Particulars                                                                                                     | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Direct operating expenses arising from investment property that generated rental income during the year.        | 8.24                      | 5.07                      |
| Direct operating expenses arising from investment property that did not generate rental income during the year. | 1.21                      | 1.16                      |
| <b>Total</b>                                                                                                    | <b>9.46</b>               | <b>6.23</b>               |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 32**
**DIRECTORS REMUNERATION**

(₹ in Lakhs)

| Particulars                             | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------------|------------------------------|------------------------------|
| a) Managing Director*                   | 35.00                        | -                            |
| b) Whole-Time Director*                 | 67.86                        | 40.19                        |
| c) Sitting Fees Non-executive directors | 8.70                         | 8.10                         |
| <b>Total</b>                            | <b>111.56</b>                | <b>48.29</b>                 |

 \* Note: (i) Managing Director's Salary during the Year ended 31<sup>st</sup> March 2020 was for part of the year.

 (ii) Whole Time Director's Salary during the Previous Year ended 31<sup>st</sup> March 2019 was for part of the year.

**Note - 33**
**OPERATING LEASE ARRANGEMENTS (Company as Lessor)**

(₹ in Lakhs)

| Particulars   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------|------------------------------|------------------------------|
| Rental income | 52.98                        | 49.48                        |
| <b>Total</b>  | <b>52.98</b>                 | <b>49.48</b>                 |

**Note - 34**
**DEFERRED TAX BALANCES**

(₹ in Lakhs)

| Particulars              | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Deferred tax assets      | -                            | 358.91                       |
| Deferred tax liabilities | (2,940.01)                   | (3,695.61)                   |
| <b>Total</b>             | <b>(2,940.01)</b>            | <b>(3,336.70)</b>            |

| 2019-20                                                  | Opening<br>balance | Recognised<br>in profit or loss<br>account | Recognised<br>in Other<br>Comprehensive<br>income | Closing<br>balance |
|----------------------------------------------------------|--------------------|--------------------------------------------|---------------------------------------------------|--------------------|
| <b>Deferred tax (Liabilities) / Asset in relation to</b> |                    |                                            |                                                   |                    |
| Property, Plant and equipment                            | (3,419.07)         | (585.75)                                   | ( )                                               | (2,833.32)         |
| Provision compensated absences and others                | -0.30              | 28.93                                      | ( )                                               | (29.23)            |
| Financial Assets at FVTPL                                | -276.24            | (196.77)                                   | ( )                                               | (79.47)            |
| Defined benefit obligation                               | 2.11               | ( )                                        | -0.10                                             | 2.01               |
| <b>Total</b>                                             | <b>(3,693.50)</b>  | <b>-753.59</b>                             | <b>-0.10</b>                                      | <b>(2,940.01)</b>  |
| Tax losses                                               | 356.80             | 356.80                                     | ( )                                               | ( )                |
| <b>Net Deferred tax Assets / (Liability)</b>             | <b>(3,336.70)</b>  | <b>-396.78</b>                             | <b>-0.10</b>                                      | <b>(2,940.01)</b>  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

| 2018-19                                                  | Opening balance   | Recognised in profit or loss account | Recognised in Other Comprehensive income | Closing balance   |
|----------------------------------------------------------|-------------------|--------------------------------------|------------------------------------------|-------------------|
| <b>Deferred tax (Liabilities) / Asset in relation to</b> |                   |                                      |                                          |                   |
| Property, Plant and equipment                            | (3,462.43)        | (43.36)                              | -                                        | (3,419.07)        |
| Provision compensated absences and others                | 65.75             | 66.05                                | -                                        | (0.30)            |
| Financial Assets at FVTPL                                | -                 | 276.24                               | -                                        | (276.24)          |
| Defined benefit obligation                               | 1.13              | -                                    | 0.98                                     | 2.11              |
| <b>Total</b>                                             | <b>(3,395.55)</b> | <b>298.93</b>                        | <b>0.98</b>                              | <b>(3,693.50)</b> |
| Tax losses                                               | 561.35            | 157.17                               | -                                        | 356.80            |
| <b>Net Deferred tax Assets / (Liability)</b>             | <b>(2,834.20)</b> | <b>458.10</b>                        | <b>0.98</b>                              | <b>(3,336.70)</b> |
| <b>Total</b>                                             | <b>(2,834.20)</b> | <b>458.10</b>                        | <b>0.98</b>                              | <b>(3,336.70)</b> |

## Note - 35

## INCOME TAXES RELATING TO CONTINUING OPERATIONS

(₹ in Lakhs)

| Particulars                  | 2019-20        | 2018-19         |
|------------------------------|----------------|-----------------|
| <b>Current tax</b>           |                |                 |
| for Current year             | 679.58         | 506.88          |
| for Previous years           | -              | -               |
| Less: MAT credit Utilisation | (322.91)       | -               |
| <b>Deferred tax</b>          |                |                 |
| for Current year             | (396.78)       | 503.48          |
| <b>Total</b>                 | <b>(40.11)</b> | <b>1,010.35</b> |

The Income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Lakhs)

| Particulars                                                  | 2019-20         | 2018-19         |
|--------------------------------------------------------------|-----------------|-----------------|
| <b>Profit before tax from continuing operations</b>          | <b>1,901.48</b> | <b>2,281.40</b> |
| Income tax expenses calculated at 29.12% ( 2018-19 21.5488%) | 553.71          | 491.61          |
| Effect of Income exempt from tax                             | (8.82)          | (19.50)         |
| Expenses not deductible in determining taxable profits       | 134.69          | 34.76           |
| <b>Total</b>                                                 | <b>679.58</b>   | <b>506.88</b>   |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

| Particulars                                                                    | 2018-20       | 2018-19     |
|--------------------------------------------------------------------------------|---------------|-------------|
| <b>Deferred tax</b>                                                            |               |             |
| <b>Arising on income and expenses recognised in other comprehensive income</b> |               |             |
| Re-measurement of defined benefit obligation                                   | (0.10)        | 0.98        |
| <b>Total income tax recognised in other comprehensive income</b>               | <b>(0.10)</b> | <b>0.98</b> |

**Note - 36**
**SEGMENT INFORMATION**

Operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available for the following segments which are tabulated below. No operating segments have been aggregated in arriving at the reportable segments of the Company. Specifically the Company's reportable segments under Ind AS 108 are as follows.

**i) Operating Segment**

| Sugar | Cogeneration | Distillery |
|-------|--------------|------------|
| Sugar | Power        | Alcohol    |

**ii) Geographical information**

The Company predominantly operates in the following principal geographical areas

| Asia | India (Country of domicile) |
|------|-----------------------------|
|------|-----------------------------|

Revenue and expenses directly attributable to segments are reported under each reportable segment. Other expenses and income which are not attributable or allocable to segments have been disclosed as net un-allocable expenses / income.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment that are used interchangeable among segments are not allocated to reportable segments.

Operating segments represent products also and therefore, separate disclosure of revenue from major products are not made.

**Inter segment transfer pricing:**

Inter segment prices are normally amongst the segments with reference to lower of cost or market prices and business risks, within an overall objective of optimising the resources for the enterprise.

\$ Non-current assets exclude those relating to Investments, Deferred tax assets and Non-current assets.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note - 37

#### A. Defined contribution plans

The Company makes Provident Fund, Superannuation Fund which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 128.28 Lakhs (2018-19 ₹ 119.62 Lakhs) for provident fund contribution and for superannuation fund contribution of ₹ 8.41 lakh (2018-19 ₹ 8.42 lakhs) in the statement of Profit or loss. The contribution payable to these plans by the Company are at rates specified in the rules of the schemes.

#### B. Defined benefit plans (Gratuity)

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2020 by Mr.S Krishnan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Statment of Profit and Loss. The Comapny provided the gratuity benefit through annual contributions to a fund managed by the M/s. Reliance Nippon Life Insurance Company Limited.

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

**Interest Rate risk :** The plan exposes the Company to the risk of fall in interest rates. A drop in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Investment risk :** The probability or likelihood of occurrence of losses relative to the expected retun on any particular investment which in inherent.

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

**Demographic risk :** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exosed to the risk of actual experience turning out to be worse compared to the assumption.

#### 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.

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

| Particulars                                                                           | GRATUITY (FUNDED) |               |
|---------------------------------------------------------------------------------------|-------------------|---------------|
|                                                                                       | 2019-20           | 2018-19       |
| <b>Present value of obligations at the beginning of the year</b>                      | <b>488.89</b>     | <b>452.60</b> |
| Current service cost                                                                  | 98.27             | 67.07         |
| Interest Cost                                                                         | 39.77             | 37.02         |
| Re-measurement (gains) / losses:                                                      |                   |               |
| -Actuarial gains and losses arising from change in financial assumption               | -                 | (11.69)       |
| -Actuarial gains and losses arising from experience adjustment                        | 5.53              | (3.69)        |
| Benefits paid                                                                         | (54.91)           | (52.42)       |
| <b>Present value of obligations at the end of the year</b>                            | <b>577.54</b>     | <b>488.89</b> |
| <b>Changes in the fair value of planned assets</b>                                    |                   |               |
| <b>Fair value of plan assets at the beginning of the year</b>                         | <b>420.16</b>     | <b>397.68</b> |
| Interest income                                                                       | 32.46             | 30.77         |
| Return on plan assets                                                                 | 4.99              | (11.00)       |
| Contributions by the employer                                                         | 68.70             | 55.13         |
| Benefits paid                                                                         | (54.91)           | (52.42)       |
| <b>Fair value of plan assets at the end of the year</b>                               | <b>471.40</b>     | <b>420.16</b> |
| Amounts recognized in the Balance Sheet                                               |                   |               |
| Projected benefit obligation at the end of the year                                   | 577.54            | 488.89        |
| Less: share of obligation pertaining to Associate Company under common Gratuity Trust | (38.97)           | (24.67)       |
| <b>Fair value of plan assets at end of the year</b>                                   | <b>471.40</b>     | <b>420.15</b> |
| <b>Funded status of the plans - Liability recognized in the balance sheet</b>         | <b>67.16</b>      | <b>44.07</b>  |
| Components of defined benefit cost recognized in profit or loss                       |                   |               |
| Current service cost                                                                  | 98.27             | 67.07         |
| <b>Net interest expenses</b>                                                          | <b>39.77</b>      | <b>37.02</b>  |
| <b>Net cost in Profit or Loss</b>                                                     | <b>138.03</b>     | <b>104.09</b> |
| Components of defined benefit cost recognized in Other Comprehensive income           |                   |               |
| Re-measurement on the net defined benefit liability:                                  |                   |               |
| -Actuarial gains and losses arising from change in financial assumption               | -                 | (11.69)       |
| -Actuarial gains and losses arising from experience adjustment                        | 5.53              | (3.69)        |
| Return on plan assets                                                                 | (4.99)            | 11.00         |
| <b>Net Cost</b>                                                                       | <b>0.54</b>       | <b>(4.38)</b> |
| <b>Less: Allocation to Associate Company under common gratuity trust</b>              | <b>0.20</b>       | <b>(1.57)</b> |
| <b>Net Cost in other Comprehensive Income</b>                                         | <b>0.34</b>       | <b>(2.81)</b> |

| Particulars                           | 2019-20 | 2018-19 |
|---------------------------------------|---------|---------|
| <b>Assumptions</b>                    |         |         |
| Discount rate                         | 6.63%   | 7.60%   |
| Expected rate of salary increase      | 6.50%   | 6.50%   |
| Expected rate of attrition            | 2.00%   | 2.00%   |
| Average age of members                | 40.50   | 40.40   |
| Average remaining working Life        | 13.90   | 13.90   |
| Mortality (IALM - 2006 - 08) Ultimate | 100%    | 100%    |

The Company has invested the plan assets with insurer managed funds. The Insurance Company has invested the plan assets in Govt. securities, Debt Funds, Mutual Funds, Money market instruments etc. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note (i) Experience Adjustments**

(₹ in Lakhs)

| Particulars                       | For the period ending |           |
|-----------------------------------|-----------------------|-----------|
|                                   | 31-Mar-20             | 31-Mar-19 |
| (Gain) / Loss on Plan Liabilities | 5.53                  | (3.69)    |
| % of Opening Plan Liabilities     | 1.13%                 | -0.82%    |
| Gain / (Loss) on Plan Assets      | 4.99                  | (11.00)   |
| % of Opening Plan Assets          | 1.19%                 | -2.77%    |

**Notes :**

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The Company's gratuity funds are managed by the M/s. Reliance Nippon Life Insurance Company Limited and therefore the composition of the fund assets is not presently ascertained.
- The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 67.16 lakhs (as on 31 March, 2019 ₹ 44.07 lakhs).

**Note (ii) Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period., while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lakhs)

| Particulars        | March 31, 2020 | March 31, 2019 |
|--------------------|----------------|----------------|
| Discount rate      |                |                |
| - 0.50% increase   | -23.16         | -17.99         |
| - 0.50% decrease   | 24.72          | 19.21          |
| Salary growth rate |                |                |
| - 0.50% increase   | 24.72          | 19.21          |
| - 0.50% decrease   | -23.16         | -17.99         |
| Attrition rate     |                |                |
| - 0.50% increase   | 0.69           | 1.91           |
| - 0.50% decrease   | -0.75          | -2.03          |

**NOTE 38 EARNINGS PER SHARE**

| Particulars                    | 2019-20 | 2018-19 |
|--------------------------------|---------|---------|
| Basic Earnings per share (₹)   | 2.34    | 1.53    |
| Diluted Earnings per share (₹) | 2.34    | 1.53    |

**38.1 Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share as follows :

| Particulars                                                                   | 2019-20    | 2018-19     |
|-------------------------------------------------------------------------------|------------|-------------|
| <b>Profit after Taxation (₹ in Lakh)</b>                                      | 1,941.59   | 1,271.04    |
| Earnings used in the calculation of basic earnings per share (₹ lakh)         | 1,941.59   | 1,271.04    |
| Number of equity shares of ₹ 10 each outstanding at the beginning of the year | 82,888,580 | 8,28,88,580 |
| Number of equity shares of ₹ 10 each outstanding at the end of the year       | 82,888,580 | 8,28,88,580 |
| Weighted Average number of Equity Shares                                      | 82,888,580 | 8,28,88,580 |

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 38.2****Diluted Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share as follows : (₹ in Lakhs)

| Particulars                                                    | 2019-20  | 2018-19  |
|----------------------------------------------------------------|----------|----------|
| Earnings used in the calculation of basic earnings per share   | 1,941.59 | 1,271.04 |
| Adjustments (if any)                                           | -        | -        |
| Earnings used in the calculation of diluted earnings per share | 1,941.59 | 1,271.04 |

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

|                                                                                            |             |             |
|--------------------------------------------------------------------------------------------|-------------|-------------|
| Weighted average number of equity shares used in calculation of basic earnings per share   | 8,28,88,580 | 8,28,88,580 |
| Shares deemed to be issued for no consideration                                            | -           | -           |
| Weighted average number of equity shares used in calculation of diluted earnings per share | 8,28,88,580 | 8,28,88,580 |

**Note - 39****39.1 Capital Management**

The Company's capital management is intended to maximise the return to shareholders for meeting the long and short term objectives of the Company through the leveraging of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through long and short term borrowings. The Company monitors the capital structure on the basis of debt to equity ratio and the maturity of the overall debt of the Company.

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

| Particulars                              | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------------|----------------------|----------------------|
| <b>Equity</b>                            | <b>16,648.41</b>     | <b>15,206.21</b>     |
| Debt                                     | 8,353.80             | 11,569.12            |
| Cash and cash equivalents                | (42.82)              | (695.98)             |
| <b>Net debt</b>                          | <b>8,310.98</b>      | <b>10,873.14</b>     |
| <b>Total capital (Equity + Net debt)</b> | <b>24,959.39</b>     | <b>26,079.35</b>     |
| Net debt to capital ratio                | 0.33                 | 0.42                 |

**39.2 Categories of financial instruments**

(₹ in Lakhs)

| Particulars                                                                         | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Financial assets</b>                                                             |                      |                      |
| <b>Measured at fair value through profit or loss (FVTPL)</b>                        |                      |                      |
| a) Mandatorily measured:                                                            |                      |                      |
| i) Equity instruments and Mutual Funds                                              | 3,008.80             | 4,819.14             |
| <b>Measured at amortised cost</b>                                                   |                      |                      |
| i) Cash and bank balances                                                           | 61.55                | 753.02               |
| ii) Other financial assets                                                          | -                    | -                    |
| <b>Measured at cost</b>                                                             |                      |                      |
| i) Investments in equity instruments and others designated upon initial recognition | 5.20                 | 5.20                 |
| <b>Financial Liabilities</b>                                                        |                      |                      |
| Measured at amortised cost                                                          | 536.60               | 2,951.73             |
| Measured at FVTPL                                                                   | 35.11                | 33.15                |

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**40.1 Credit Risk Management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (predominantly trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counter parties are periodically monitored and taken up on case to case basis. There is no material expected credit loss based on the past experience. However, the Company assesses the impairment of trade receivables on case to case basis and has accordingly created loss allowance.

The credit risk on cash and bank balances is limited because the counter parties are banks with high credit ratings assigned by accredited rating agencies.

**40.2 Liquidity Risk Management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding contractual maturities of financial liabilities as at 31 March 2020.

(₹ in Lakhs)

| Particulars                     | Carrying amount  | Upto 1 year      | Between 1-3 years | More than 3 years | Contracted cash flows |
|---------------------------------|------------------|------------------|-------------------|-------------------|-----------------------|
| Non interest bearing            | 16,663.88        | 16,663.88        | -                 | -                 | 16,663.88             |
| Fixed Interest rate instruments | 1,074.96         | 538.36           | 236.60            | 300.00            | 1,074.96              |
| <b>Total</b>                    | <b>17,738.84</b> | <b>17,202.24</b> | <b>236.60</b>     | <b>300.00</b>     | <b>17,738.84</b>      |

The table below provides details of financial assets as at 31, March 2020:

(₹ in Lakhs)

| Particulars            | Carrying amount |
|------------------------|-----------------|
| Trade receivables      | 2,733.27        |
| Other Financial assets | 3,513.58        |
| <b>Total</b>           | <b>6,246.85</b> |

The table below provides details regarding contractual maturities of financial liabilities as at 31, March 2019.

(₹ in Lakhs)

| Particulars                     | Carrying amount  | Upto 1 year      | Between 1-3 years | More than 3 years | Contracted cash flows |
|---------------------------------|------------------|------------------|-------------------|-------------------|-----------------------|
| Non interest bearing            | 19,527.80        | 16,919.52        | -                 | 2,608.27          | 19,527.80             |
| Fixed Interest rate instruments | 989.17           | 645.71           | 343.45            | -                 | 989.16                |
| <b>Total</b>                    | <b>20,516.97</b> | <b>17,565.24</b> | <b>343.45</b>     | <b>2,608.27</b>   | <b>20,516.96</b>      |

The table below provides details of financial assets as at 31 March 2019.

(₹ in Lakhs)

| Particulars            | Carrying amount |
|------------------------|-----------------|
| Trade receivables      | 1,731.21        |
| Other Financial assets | 5,865.52        |
| <b>Total</b>           | <b>7,596.73</b> |

**NOTES FORMING PART OF FINANCIAL STATEMENTS****40.3 Fair Value Measurements**

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined i.e the valuation techniques and inputs used:

| Particulars                                         | Fair value as at* (Rs. Lakh) |                      | Fair value hierarchy | Valuation techniques & Key inputs used |
|-----------------------------------------------------|------------------------------|----------------------|----------------------|----------------------------------------|
|                                                     | As at March 31, 2020         | As at March 31, 2019 |                      |                                        |
| 1) Investment in quoted equity instruments at FVTPL | 3,008.80                     | 4,819.14             | Level 1              | Refer Note 2 below                     |
| 2) Financial liabilities                            | (35.11)                      | (33.15)              | Level 2              | Refer Note 2 below                     |

\* Positive value denotes financial asset and negative value denotes financial liability

**Notes :**

1. There were no transfers between Level 1 and 2 in the period.
2. The Level 1 financial instruments are measured using quotes in active market.
3. The following table shows the valuation technique and key input used for Level 2.

| Financial instrument                     | Valuation technique  | Key inputs used |
|------------------------------------------|----------------------|-----------------|
| a) Interest free rental deposit received | Discounted cash flow | Interest rates  |

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) (₹ in Lakhs)

| Particulars                                        | Fair value hierarchy | As at March 31, 2020 |            | As at March 31, 2019 |            |
|----------------------------------------------------|----------------------|----------------------|------------|----------------------|------------|
|                                                    |                      | Carrying amount      | Fair value | Carrying amount      | Fair value |
| Financial Assets                                   |                      |                      |            |                      |            |
| Financial assets at amortised cost:                |                      |                      |            |                      |            |
| Trade receivables                                  | Level 2              | 2,733.27             | 2,733.27   | 1,731.21             | 1,731.21   |
| Cash and cash equivalents                          | Level 2              | 42.82                | 42.82      | 695.98               | 695.98     |
| Bank balances other than cash and cash equivalents | Level 2              | 18.73                | 18.73      | 57.04                | 57.04      |
| Other financial assets                             | Level 2              | 438.03               | 438.03     | 288.16               | 288.16     |

(₹ in Lakhs)

| Particulars                              | Fair value hierarchy | As at March 31, 2020 |            | As at March 31, 2019 |            |
|------------------------------------------|----------------------|----------------------|------------|----------------------|------------|
|                                          |                      | Carrying amount      | Fair value | Carrying amount      | Fair value |
| Financial Liabilities                    |                      |                      |            |                      |            |
| Financial liabilities at amortised cost: |                      |                      |            |                      |            |
| Borrowings                               | Level 2              | 8,352.98             | 8,353.81   | 12,436.48            | 11,569.11  |
| Trade payables                           | Level 2              | 7,815.03             | 7,815.03   | 8,122.19             | 8,122.19   |
| Other financial liabilities              | Level 2              | 613.90               | 613.90     | 847.42               | 847.42     |

1. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# Note - 41

Related Party Disclosure for the year ended March 31, 2020

Holding Company - Parvathi Trading & Finance Co. Pvt. Ltd

Under section 2(76)(v) of the Companies Act, 2013 - (i) M/s. Kothari Petrochemicals Limited

(iii) M/s. Kothari Safe Deposit Limited

(v) M/s. HCK Educational & Development Trust

Key Managerial Personnel (KMP)

(i) Mr. Arjun B. Kothari - MD

(iii) Mr. R. Krishnan - CFO

Non Independent Non Executive Director (KMP)

(i) Mrs. Nina B Kothari - Chairperson

Relative of Chairperson and Managing Director - (i) Mrs. Nayantra B. Kothari

Non Executive Independent Directors (KMP) - (i) Mr. P.S. Gopalakrishnan

(iii) Mr. P.S. Balasubramaniam

(ii) M/s. Century Foods Pvt. Limited

(iv) M/s. BHK Trading LLP

(ii) Mr. M Silvester Goldwin - WTD

(iv) Mr. R. Prakash - CS

(ii) Mr.V.R. Deenadayalu

(iv) Mr.CV Krishnan

## Transactions with Related Parties for the year ended March 31, 2020

(₹ in Lakhs)

| Nature of Transactions                  | Holding Company                          |           | Under section 2(76)(v) of the Companies Act, 2013 |           |                                 |           |                            |           |                              |           |                                       |           | Key Management Personnel (KMP)           |           |                        |           | Non Independent Non Executive Director (KMP) | Relative of Chairperson & Managing Director |                                                                 | Non Executive Independent Directors (KMP) |  |
|-----------------------------------------|------------------------------------------|-----------|---------------------------------------------------|-----------|---------------------------------|-----------|----------------------------|-----------|------------------------------|-----------|---------------------------------------|-----------|------------------------------------------|-----------|------------------------|-----------|----------------------------------------------|---------------------------------------------|-----------------------------------------------------------------|-------------------------------------------|--|
|                                         | Parvathi Trading & Finance Co. Pvt. Ltd. |           | BHK Trading LLP                                   |           | Kothari Petro chemicals Limited |           | Century Foods Pvt. Limited |           | Kothari Safe Deposit Limited |           | HCK Educational and Development Trust |           | Arjun B. Kothari Managing Director (KMP) |           | (WTD / CFO / CS) - KMP |           | Nina B. Kothari (Chairperson)                | Nayantara B Kothari                         | PS Gopalakrishnan VR Deenadayalu PS Balasubramaniam CV Krishnan |                                           |  |
|                                         | 2019-2020                                | 2018-2019 | 2019-2020                                         | 2018-2019 | 2019-2020                       | 2018-2019 | 2019-2020                  | 2018-2019 | 2019-2020                    | 2018-2019 | 2019-2020                             | 2018-2019 | 2019-2020                                | 2018-2019 | 2019-2020              | 2018-2019 | 2019-2020                                    | 2018-2019                                   | 2019-2020                                                       | 2018-2019                                 |  |
| Lease Rent Paid                         | -                                        | -         | -                                                 | -         | 28.49                           | 29.09     | -                          | 1.07      | 1.14                         | -         | -                                     | 7.50      | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Electricity charges                     | -                                        | -         | -                                                 | -         | 3.70                            | 3.88      | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Proceeds from sale of Shares            | -                                        | -         | 1,002.60                                          | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Travel and other reimbursements         | -                                        | -         | -                                                 | -         | -                               | -         | -                          | 6.11      | 5.77                         | -         | -                                     | -         | -                                        | -         | -                      | 1,285.54  | -                                            | -                                           | -                                                               | -                                         |  |
| Rendering of Services (AMC and Techfee) | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Dividend Received                       | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Sitting fee                             | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Management Consultancy service          | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Remuneration paid                       | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Dividend paid                           | 290.93                                   | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Prepayment of Debentures and Term Loans | 1,280.65                                 | -         | 711.34                                            | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | 35.00     | 96.48                                    | 30.00     | 30.00                  | -         | -                                            | -                                           | -                                                               | -                                         |  |
| CSR expenditure                         | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | 0.07      | -                                        | 13.42     | -                      | -         | 0.12                                         | -                                           | -                                                               | -                                         |  |
| Closing Balance - Debit / (Credit)      | -                                        | -         | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Term Loans                              | -                                        | (251.18)  | -                                                 | -         | (3.85)                          | -         | (0.30)                     | -         | -                            | -         | 20.00                                 | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |
| Zero Coupon Bonds                       | -                                        | (576.11)  | -                                                 | -         | -                               | -         | -                          | -         | -                            | -         | -                                     | -         | -                                        | -         | -                      | -         | -                                            | -                                           | -                                                               | -                                         |  |

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 42

(₹ in Lakhs)

| Particulars                                                                                                                         | 2019-20  | 2018-19  |
|-------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.                     | 67.69    | 533.58   |
| <b>Other monies for which the Company is contingently liable</b>                                                                    |          |          |
| a) Bank Guarantees issue for Tenders.                                                                                               | 43.61    | 270.81   |
| b) Disputed Excise Duty and Customs demand (out of which ₹ 73.39 lakhs (2018-19 - ₹ 90.08 lakhs) have been deposited under protest. | 726.76   | 828.85   |
| c) Disputed electricity matters                                                                                                     | 1,395.47 | 1,236.03 |
| d) Disputed Urban land tax                                                                                                          | 19.25    | 19.25    |

Future cash outflows in respect of the above referred matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.

**43 Approval of financial statements**

The financial statements were approved by the Board of Directors on June 17, 2020.

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

In terms of our report attached

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

**For P.Chandrasekar LLP**  
 Chartered Accountants  
 FRN : 000580S/S200066

**Arjun B. Kothari**  
 Managing Director

**P.S.Gopalakrishnani**  
 Director

**S. Sriram**  
 Partner  
 Membership No. 205496

**R. Prakash**  
 Company Secretary

**R. Krishnan**  
 Chief Financial Officer

Place : Chennai  
 Date : June 17, 2020

**KOTHARI SUGARS AND CHEMICALS LIMITED**

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