

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza  
Bandra-Kurla Complex  
Bandra [E], Mumbai - 400 051

August 03, 2018

Dear Sir/ Madam,

Stock Code - **KOTARISUG**

**Sub:** Submitting the 57<sup>th</sup> Annual Report of the Company.

Pursuant to Regulation 34(1) of SEBI LODR Regulations 2015, the Annual Report of the Company as approved and adopted in the Annual General Meeting held on July 31, 2018 is attached for your records.

Kindly acknowledge and take this into your records.

Thanking You,

Yours faithfully  
for **Kothari Sugars and Chemicals Limited**

  
**R. Prakash**  
Company Secretary & Compliance Officer



Encl: as above



# **Kothari Sugars and Chemicals Ltd.**

**57<sup>th</sup> Annual Report 2017 - 18**





**Bhadrashyam H Kothari**

11.11.1961 - 22.02.2015



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

## CORPORATE INFORMATION

<b>Board of Directors</b>	Nina B. Kothari - Chairperson Arjun B. Kothari - Managing Director P.S.Balasubramaniam - Independent Director V.R.Deenadayalu - Independent Director P.S.Gopalakrishnan - Independent Director C.V. Krishnan - Independent Director
<b>Company Secretary</b>	R.Prakash
<b>Chief Financial Officer</b>	R.Krishnan
<b>Statutory Auditors</b>	P.Chandrasekar, LLP Chartered Accountants, Flat 4A, 4 <sup>th</sup> Floor Dixit Griha Apartments, 10-11 Nyniappan Street R.A. Puram, Chennai - 600 028.
<b>Internal Auditors</b>	(a) K.R.Sarangapani & Co. Chartered Accountants No.28/1, Anjuham Nagar, 1 <sup>st</sup> Street Jafferkhanpet, Chennai - 600 083. (b) V.P.Mukundan & Associates Chartered Accountants No. 29/2, IV Trust Cross Street Raj Kamal Apartments, I Floor Mandavalipakkam, Chennai - 600 028.
<b>Cost Auditor</b>	K.Suryanarayanan No.1, Poes Road, 4 <sup>th</sup> Street Teynampet, Chennai - 600 018.
<b>Secretarial Auditor</b>	M.Alagar, Company Secretary in Practice 21-B, First Floor, A.R.K. Colony, Eldams Road Alwarpet, Chennai - 600 018.
<b>Legal Advisors</b>	S.Ramasubramanian & Associates Advocates No.6/1, Bishop Wallers Avenue (West) Mylapore, Chennai - 600 004.
<b>Registered Office</b>	"Kothari Buildings" No.115, Mahatma Gandhi Salai Nungambakkam, Chennai - 600 034. Phone No. 044 - 30281595 / 30225507. Fax No. 044-28334560.
<b>Registrar &amp; Share Transfer Agents</b>	Cameo Corporate Services Limited Subramanian Buildings, 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
<b>Listing</b>	The National Stock Exchange of India Limited (NSE)
<b>Stock Code</b>	<b>KOTARISUG</b>
<b>ISIN</b>	<b>INE419A01022</b>
<b>CIN</b>	<b>L15421TN1960PLC004310</b>
<b>Manufacturing Units</b>	<b>Kattur</b> Kattur Railway Station Road, Lalgudi Taluk Trichy District, Tamil Nadu - 621 706.  <b>Sathamangalam</b> Sathamangalam Village, Vetriyur Post Keezhapalur, Ariyalur Taluk Ariyalur District, Tamil Nadu - 621 707.

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## FINANCIAL HIGHLIGHTS

₹. in Lakhs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>PROFITABILITY ITEMS</b>					
Gross Income	33,274	35,131	25,325	32,195	29,218
Gross Profit (PBDIT)	3,011	2,050	2,449	4,153	3,320
Depreciation	1,610	1,598	1,464	1,463	1,386
Profit/ (Loss) Before Interest & Tax	1,401	452	985	2,691	1,934
Finance Cost	941	486	709	811	650
Exceptional Items (Debit)	-	-	-	622	1,018
Profit/ (Loss) Before Tax	460	(35)	277	1,257	267
Income Tax	59	425	3	284	81
Deferred Tax	121	(5)	156	(75)	138
Profit/ (Loss) After Tax	279	(454)	118	1,048	48
<b>BALANCE SHEET ITEMS</b>					
Net Fixed Assets (incl.CWIP)	22,445	20,903	19,482	19,151	17,845
Investments	1,583	1,836	1,785	1,962	3,298
Other Current / Non current assets	13,506	13,071	16,678	17,698	16,482
Total Capital Employed	37,534	35,810	37,945	38,811	37,626
Shareholders Funds	12,849	12,107	12,592	13,212	13,937
<b>OTHERS</b>					
Book Value per share (₹.)	15.50	14.61	15.19	15.94	16.81
EPS (₹.)	0.34	(0.55)	0.14	1.26	0.06

**Note : Figures for FY 2016-17 & 2017-18 are based on Financial Statements prepared as per Ind-AS.**



## NOTICE to the Members

Notice is hereby given that the 57<sup>th</sup> Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Tuesday, 31<sup>st</sup> July 2018 at 10.30 A.M. at The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

### Ordinary Business:

1. To consider and adopt:
  - a) The Audited financial statements of the Company for the financial year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon; and
  - b) The Audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of the Auditors thereon.
2. To appoint a Director in the place of Mr. Arjun B Kothari, (DIN 07117816) who retires by rotation as a Director 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 the following Resolution as a **Ordinary Resolution**:

**"Resolved that** subject to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 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 ₹.1,00,000/- (Rupees One Lakh 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 2018-2019, be and is hereby ratified and confirmed."

#### 4. Appointment of Mr. M. Silvester Goldwin as Whole Time Director of the Company

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

**"Resolved that** pursuant to the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof, approval of the members of the company be and is hereby accorded to the appointment of Mr. M. Silvester Goldwin (DIN 08145634) as the whole time Director of the company for a period of three years with effect from 01<sup>st</sup> August 2018 upon the terms and conditions including remuneration as set out in this Resolution and sanctioned with authority to the Board of Directors of the Company to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit but subject to complying applicable provisions of law at that point of time and in respect of whom the Company received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and whose directorship is liable to retirement by rotation.

##### (a) Salary:

₹. 3,82,158/- (Rupees Three Lakh Eighty Two Thousand One Hundred Fifty Eight) per month.

##### (b) Perquisites:

- (i) Perquisites including use of car with driver, personal accident insurance, medical insurance, leave travel allowance and other benefits as provided to the other Senior Executives of the Company, will be provided in accordance with the rules of the Company and the same will be evaluated as per Income Tax Rules, wherever applicable and in other cases at actual cost to the company.
- (ii) Leave encashment as per the Company's policy from time to time.
- (iii) Use of telephone at residence and mobile phone for Company's purpose, which will not be treated as perquisite.
- (iv) Subscription fees for any one club as per the policy of the Company.

##### (c) Contribution to funds:

Company's contribution to Provident Fund and Super Annuation Fund to the extent these singly or put together are not taxable under the Income Tax Act and Gratuity at the rate not exceeding 15 days salary for every completed year of service".

##### (d) Annual Increment and Performance Bonus:

The annual increment and performance bonus shall be decided by the Nomination & Remuneration Committee and Board of Directors from time to time.

**“Resolved further** that in the event of there being inadequacy or absence of profits in any financial year during the currency of the tenure of the Whole Time Director, the above remuneration, and annual increment & performance bonus if any, excluding the perquisites mentioned under Section IV of Part II of Schedule V of Companies Act, 2013, shall be treated as minimum remuneration subject to limits mentioned under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limit as may be prescribed by the Government from time to time shall be paid.”

**“Resolved further** that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution.”

**5. Appointment of Mr.C.V.Krishnan as Independent Director of the Company**

To consider and if thought fit, to pass the following Resolution as a **Ordinary Resolution**:

**“Resolved that** Mr.C.V.Krishnan (DIN 01606522), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 28, 2018 in terms of Section 161 of the Companies Act, 2013 and Article 100 of the Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years upto May 27, 2023 as per Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013”.

**6. Re-appointment of Mr.P.S.Balasubramaniam, Independent Director of the Company**

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

**“Resolved that** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. P.S.Balasubramaniam (DIN 00019843), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company and who is eligible for re-appointment, be and is hereby re-appointed for the second term to hold office for five consecutive years from April 1, 2019 to March 31, 2024.”

**7. Re-appointment of Mr.V.R.Deenadayalu, Independent Director of the Company**

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

**“Resolved that** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V.R.Deenadayalu (DIN 00020898), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company and who is eligible for re-appointment, be and is hereby re-appointed for the second term to hold office for five consecutive years from April 1, 2019 to March 31, 2024.

**8. Re-appointment of Mr.P.S.Gopalakrishnan, Independent Director of the Company**

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

**“Resolved that** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. P.S.Gopalakrishnan (DIN 00001446), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company and who is eligible for re-appointment, be and is hereby re-appointed for the second term to hold office for five consecutive years from April 1, 2019 to March 31, 2024.”

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

Place : Chennai  
Date : 29<sup>th</sup> May, 2018

**R. Prakash**  
Company Secretary

**Important Notes:**

- a) **The Register of Members and Share Transfer books will remain closed from Wednesday, the 25<sup>th</sup> July, 2018 to Tuesday, 31<sup>st</sup> July, 2018 (both days inclusive) on account of the Annual General Meeting.**
- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- c) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
- d) A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- e) The instrument appointing a Proxy should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 Hours before the commencement of the meeting i.e. 10.30 a.m. on Sunday, 29<sup>th</sup> July 2018. A Proxy form is sent herewith.
- f) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
- g) **Members or Proxies are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting and members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.**
- h) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the financial year 2013-14 and 2016-17 are advised to write to the Company / RTA immediately claiming the dividends declared by the Company. 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 in the name of IEPF. The shareholder 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 Act.

Nature of Dividend	Financial Year	Date of Declaration of Dividend	Due Date for transferring to IEPF on
Final Dividend	2013-14	03.09.2014	09.10.2021
Final Dividend	2016-17	08.09.2017	14.10.2024

- i) 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 financial year 2013-14, as on the date of the 56<sup>th</sup> Annual General Meeting (AGM) held on 08<sup>th</sup> September, 2017, and for the financial year 2016-17 as on 15<sup>th</sup> December 2017, 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."
- j) 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 advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- k) SEBI vide its Circular dated 20<sup>th</sup> April 2018, mandated the Company, RTA and the dividend processing Bank to ensure that the master file for processing the dividend shall inter alia includes, the shareholders details such as, Bank name, Bank account number, Bank branch, MICR number, etc., before processing the dividend. If there is any change in bank account details of the shareholder, RTA shall obtain account details along with cancelled cheque to update the shareholder's data. The original cancelled cheque shall bear the name of the shareholder failing which shareholder to submit copy of bank passbook /statement attested by the Bank. The unpaid dividend shall also be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not



available or the electronic payment instructions have failed or have been rejected by the Bank, the Company/RTA may request the banker to make payment through physical instrument such as banker's cheque or demand draft to such shareholder incorporating his Bank account details. Hence 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.

- l) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.
- m) 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.
- n) 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. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
- o) **The shareholders are expected to send their queries on annual accounts / other reports of Annual Report to the Company in the email id [secdept@hckgroup.com](mailto:secdept@hckgroup.com), atleast 3 days before the date of meeting, so that the requisite information/explanations can be provided on time.**
- p) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under 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 forms can be downloaded from the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl).
- q) Electronic copy of the Notice and Annual Report of the 57<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 57<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are sent in the permitted mode.
- r) Members may also note that the Notice of the 57<sup>th</sup> Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same at free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [secdept@hckgroup.com](mailto:secdept@hckgroup.com).

### **Voting Through Electronic Means**

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

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

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

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

- iv) Now Enter your User ID.

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

Then enter the Captcha Code as displayed and Click on Login.

- v) If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below:
- vi) Now, fill up the following details in the appropriate boxes:

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 when prompted by the system while e-voting (applicable for both Demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/RTA/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. Incase the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name of the CAPITAL letters. Example, if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

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

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

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- x) Click on the relevant EVSN on which you choose to vote.
- xi) On the voting page, you will see Resolution description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- xiv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorize to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution/Authorization to the email id of scrutinizer ([kscl.scrutinizer@gmail.com](mailto:kscl.scrutinizer@gmail.com)) and RTA ([murali@cameoindia.com](mailto:murali@cameoindia.com)) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Phone No.: 022-23023333.
- xviii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play store, iPhone and windows phone users can download the app from the App Store and the Windows Phone Stores respectively.

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

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

#### **VOTING AT AGM**

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

#### **General**

- a) The remote e-voting period commences on Friday, 27<sup>th</sup> July, 2018 at 9.00 A.M. and ends on Monday, 30<sup>th</sup> July, 2018 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, 24<sup>th</sup> July, 2018 may obtain the login ID and password by sending an email to [investor@cameoindia.com](mailto:investor@cameoindia.com) or [secdept@hckgroup.com](mailto:secdept@hckgroup.com) or [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- c) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- d) The voting rights of a member shall be in proportion to his shares in the paid up equity share capital of the Company as on the cut-off date i.e. Tuesday, 24<sup>th</sup> July, 2018.
- e) Mr.N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- f) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days after the conclusion of the AGM, a consolidated scrutiner's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- g) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) and website of CDSL <http://www.evotingindia.com> and also forward the same to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.
- h) Route Map showing directions to reach to the venue of the 57<sup>th</sup> Annual General Meeting is given in the Annual Report as per the requirement of the Secretarial Standard - 2(SS-2) on "General Meeting."

**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 the meeting held on 28<sup>th</sup> May, 2018 appointed Mr.K.Suryanarayanan, Cost Accountant, as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2018-2019.

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 ₹.1,00,000/- (Rupees One Lakh Only) plus applicable taxes and re-imbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2018-2019 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 28<sup>th</sup> May, 2018.

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.

**Item No. 4**

Mr. M Silvester Goldwin, President - Operations joined HCK Group during 1998 and he has handled various key functions of the Company very efficiently. Based on his positive attributes, quality and willingness to shoulder the responsibilities the Nomination and Remuneration Committee considered him to be a good resource to the Company and based on his qualification and experience in the field of Sugar Industry, the Nomination and Remuneration Committee (NRC) recommended to the Board to appoint Mr. M Silvester Goldwin to the position of Whole Time Director, subject to fulfillment of all statutory compliances.

The Board of Directors at its Meeting held on 28<sup>th</sup> May, 2018, considered and accepted the recommendation of the NRC and proposed to the Shareholders for appointment of Mr. M.Silvester Goldwin as the Whole Time Director of the Company for a period of three years with effect from the 01<sup>st</sup> August 2018 on a remuneration as set out in item number 4 of this notice.

The Company is engaged in the business of manufacturing sugar and its by-products and cogeneration of power and has commenced its commercial production during the year 1961. The Company does not have any foreign investments or collaborations. The financial performance based on the given indicators and the reason for lower profits and steps taken for improvement are mentioned elsewhere in the annual report. Considering his experience in the Industry and current trend of compensation package in similar Corporate, the remuneration proposed to Mr.M.Silvester Goldwin is in line with comparable remuneration levels in the industry.

Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a member, proposing the appointment of Mr. M.Silvester Goldwin as the Whole Time Director of the Company.

Except Mr.M.Silvester Goldwin, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

**Item No. 5**

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> May, 2018 appointed Mr.C.V.Krishnan as an Additional Director of the company in the capacity of Independent Director to hold office from May 28, 2018. Mr.C.V.Krishnan holds office upto the date of this Annual General Meeting. As per the provisions of Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mr.C.V.Krishnan as a candidate for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The proposed resolution set out at Item No.5, seeks the approval of members for the appointment of Mr.C.V.Krishnan as an Independent Director of the Company for a term of five years upto 27<sup>th</sup> May, 2023 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013.

In the opinion of the Board, Mr. C.V.Krishnan fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Mr. C.V.Krishnan as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except Mr. C.V.Krishnan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of this notice. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

**Item Nos. 6, 7, & 8**

As per sub-section (10) of Section 149 read with Section 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014, an Independent Director of the Company shall hold office for a first term of five consecutive years and he shall be eligible for re-appointment for the second term on passing of a Special Resolution in the General Meeting of the Company.

All the Independent Directors of the Company viz., Mr. P.S.Balasubramaniam, Mr.V.R.Deenadayalu and Mr.P.S.Gopalakrishnan shall complete their first term of five years on 31.03.2019. Based on the performance evaluation report, the Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Though the Independent Directors shall continue the directorship after attaining the age of 75 years, they are continuously contributing and advising the Company on various operational matters and have vast experience in the Sugar Industry. Accordingly, the Board recommends the Resolutions relating to re-appointment of Independent Directors, for the second term of five consecutive years from 01.04.2019 to 31.03.2024 for the approval by the shareholders of the Company.

The Board of Directors of the Company has evaluated the performance of all the Independent Directors on an annual basis and have assigned good ratings consistently.

In the opinion of the Board, all the aforesaid Independent Directors fulfil the conditions specified in the Companies Act, 2013 and Rules made there under for their re-appointment as Independent Directors of the Company. The Consent of the Members is sought by way of Special Resolutions as set out in Item No. 6,7 & 8 of the Notice. Copy of the draft letter for re-appointment of Independent Directors would be available for inspection by the members without any fee at the Registered Office of the Company during normal business hours on any working day.

Except Mr. P.S.Balasubramaniam, Mr.V.R.Deenadayalu and Mr. P.S.Gopalakrishnan, being the appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolutions set out in Item No. 6,7 & 8. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

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

Place : Chennai  
Date : 29<sup>th</sup> May, 2018

**R Prakash**  
Company Secretary



**THE INFORMATION IN RESPECT OF ITEM NO. 2, 4, 5, 6, 7 & 8 IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER**

Particulars	Item No. 2	Item No. 4	Item No. 5
Name of the Director	<b>Arjun B Kothari</b>	<b>M. Silvester Goldwin</b>	<b>C.V.Krishnan</b>
Date of Birth	11.09.1991	30.05.1968	09.03.1950
Date of First Appointment on the Board	08.04.2015	--	28.05.2018
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.	B. Tech - Mechanical Certified Energy Manager-by BEE, MOP.	B. Tech. from IIT Chennai, MBA from IIM Ahmadabad, Advanced Training in Industrial Management from Research Institute for Management Science, Delft, Netherlands, 1981, Global Leadership Program, Michigan Business School, USA, 1993.
Experience in specific functional areas	<p>Mr.Arjun B Kothari, is holding directorship in H C Kothari Group of Companies.</p> <p>He also worked in General Electric Corporation, USA as a senior specialist in the management development rotation programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriated workers.</p>	<p>He is a renowned professional in sugar industry having about 30 years of overall experience in various functions of sugar industry including operation &amp; maintenance, design &amp; engineering, project management, technical services, sales &amp; marketing, business development etc. He is an expert in the field of sugar manufacture, cogeneration of power, modern distillery technologies and energy management.</p> <p>He is working with Kothari Sugars for the past 20 years and handled key functions of the company very efficiently. He is heading operations of the company as President from the year 2011 onwards.</p> <p>Prior to joining Kothari Group, he was the Managing Partner of Miltech Engineers, Chennai and Dy. Chief Engineer of Balrampur Chini Mills Ltd, UP.</p> <p>He is the life fellow member of Sugar Technologists Association of India, member of International society of sugar cane technologists, Life member of SISSTA besides being member of various committees of ISMA and SISMA.</p>	<p>He held various positions including President of EID Parry (India) Limited, Chennai during 1992-1996, CEO &amp; MD, Essar Power Limited during 1996-1999 &amp; CEO &amp; Director, Sterlite Industries (India) Limited during 1999-2003, CEO, Sankara Nethralya, Chennai during 2003-2005, and during 2005-2010 held various positions including CEO &amp; MD, Konkola Copper Mines plc., Zambia, Head of Mergers &amp; Acquisitions, Vedanta group CEO, Vedanta University Project, Orissa.</p> <p>From 2010 - 2017 he held the office of the President in Institute for Financial Management and Research (IFMR). During his tenure in various capacities E.I.D. Parry, Sterlite Copper, BALCO, Konkola Copper Mines and IFMR he achieved turnarounds.</p> <p>He conceptualized and implemented major growth plans successfully in Fertiliser, Pesticides, Sugar, Copper, Zinc, Aluminium sectors and in Management Education / Development Research (creation of a private University in Andhra Pradesh).</p> <p>He has wide ranging and hands on experience in Collaborations, Joint Ventures, Acquisitions, Mergers, Disinvestments in India and abroad.</p>
List of other Public Companies in which Directorship held	a) Kothari Petrochemicals Ltd. b) Kothari Safe Deposits Ltd. c) Gayathri Securities Ltd.	--	Mahindra Industrial Park Chennai Ltd.

Chairman/ Member of the Committee of the Board of Director of the Company	<b>Member</b> a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee <b>Chairman</b> Investment & Credit Approval Committee	--	--
Chairman/ Member of the Committee of the other companies in which he is a Director	a) Kothari Petrochemicals Limited : <b>Member</b> (i) Stakeholders Relationship Committee (ii) Corporate Social Responsibility Committee (iii) Technical Committee <b>Chairman</b> Investment & Credit Approval Committee b) Kothari Safe Deposits Limited: <b>Chairman</b> (i) Share Transfer Committee (ii) Investment Committee	--	Mahindra Industrial Park Chennai Ltd.  Chairman : Audit Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2018	14,400 (Equity Shares).	Nil	Nil
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.	Mr.Silvester Goldwin and Mr.C.V.Krishnan are not related to Promoters and Directors in the Company, its holding, subsidiary or associate company.	
Number of meetings attended during the year.	04	N.A.	N.A.

Particulars	Item No. 6	Item No. 7	Item No. 8
Name of the Director	<b>P.S.Balasubramaniam</b>	<b>V.R.Deenadayalu</b>	<b>P.S.Gopalakrishnan</b>
Date of Birth	12.07.1944	24.05.1932	23.08.1935
Date of First Appointment on the Board	08.11.2013	27.04.2009	12.06.1995
Qualification	Graduate in Commerce (B.Com.), Member of Institute of Chartered Accounts of India (A.C.A.), Member of Institute of Company Secretaries of India (A.C.S.)	B.E. Mechanical Engineering	B.Com, LLB
Experience in specific functional areas	He has about 50 years of experience in Middle and Senior Management levels in the Financial Services Sector. He was the Managing Director of Investment Trust of India Ltd., President of Federation of Indian Hire Purchase Association, Chairman of Equipment Leasing Association of India and Vice President of Asian Leasing Association, representing India.	He was the Chief Executive of BHEL, Trichy for over 8 years and was the Chairman & Managing Director of Madras Refineries Limited. He was the recipient of Sir Jahangir Gandhi medal for Industrial peace instituted by XLRI, Jamshedpur. He was the Chairman of Bharathidasan Institute of Management, Trichy and a member of the Board of Governors, of XIME-Bangalore, Institute of Energy- Trichy and Xavier Institute of Management, Bhubaneswar.	He has wide experience in the Banking Industry. He was formerly the Chairman of leading Financial Institutions such as a) The Industrial Finance Corporation of India. b) The Tourism Finance Corporation of India. c) Indian Overseas Bank and d) Oriental Bank of Commerce He was an Executive Trustee of Unit Trust of India.

List of other Public Companies in which Directorship held	1) Kothari Safe Deposits Limited 2) Mahaveer Finance India Limited 3) Kothari Biotech Limited 4) Kothari International Trading Limited 5) Deccan Finance Limited	Nil	1) Dharani Sugars & Chemicals Ltd. 2) Shriram General Insurance Co. Ltd. 3) Sakthi Finance Ltd.
Chairman / Member of the Committee of the Board of Director of the Company	<b><u>Member</u></b> a) Audit Committee b) Stakeholders Relationship Committee c) Nomination & Remuneration Committee d) Corporate Social Responsibility Committee e) Investment and Credit Approval Committee	<b><u>Member</u></b> a) Audit Committee b) Nomination & Remuneration Committee	<b><u>Chairman</u></b> a) Audit Committee. b) Stakeholders Relationship Committee. c) Nomination & Remuneration Committee. <b><u>Member</u></b> a) Corporate Social Responsibility Committee. b) Investment & Credit Approval Committee.
Chairman / Member of the Committee of the other companies in which he is a Director	<b>Kothari Safe Deposits Limited</b> <b><u>Member</u></b> (i) Share Transfer Committee (ii) Investment Committee  <b>Mahaveer Finance India Limited</b> <b><u>Member</u></b> (i) Audit Committee (ii) Nomination and Remuneration Committee	Nil	a) Dharani Sugars and Chemicals Limited <b><u>Chairman</u></b> i) Audit Committee ii) Corporate Social Responsibility Committee iii) Nomination & Remuneration Committee (b) Shriram General Insurance Company Limited <b><u>Chairman</u></b> i) Corporate Social Responsibility Committee ii) Nomination & Remuneration Committee iii) 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, 2018	505	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr.P.S.Balasubramaniam, Mr.V.R.Deenadayalu and Mr.P.S.Gopalakrishnan are not related to Promoters and Directors in the Company, its holding, subsidiary or associate company		
Number of meetings attended during the year.	04	04	04

## DIRECTORS' REPORT

### To the Members

Your Directors present the 57<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2018.

### Financial Summary & Highlights of the Company

₹ in lakhs

Financial Performance	2017 - 2018	2016 - 2017
Net Revenue	29,526	33,457
Profit/(Loss) before Interest, Depreciation	3,320	4,153
Interest	650	811
Depreciation	1,386	1,463
Exceptional items	1,018	622
Profit/(Loss) Before Tax	267	1,257
Tax Adjustments including Deferred Tax	219	209
<b>Profit / (Loss) after Tax before comprehensive Income</b>	<b>48</b>	<b>1,048</b>
Other Comprehensive Income Net of Tax	(2.36)	0.23
Total Comprehensive Income	45.66	1,048.62
<b>Appropriations:</b>		
Transfer to Capital Redemption Reserve	-	-
Balance Carried Forward	45.66	1,048.62

### Operational Review and State of Affairs

Production Performance	2017 - 2018	2016 - 2017
Cane Crushed (tones)	5,50,416	7,89,583
Sugar Recovery (%)	9.19	8.89
Sugar Produced from cane (Qtls)	5,09,860	7,06,205
Sugar Produced from imported raw sugar (Qtls)	48,580	-
Alcohol Produced (KL)	12,925	17,110
Power Produced (lakh kwh)	499	707

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For your company Ind AS is applicable from April 1, 2017, with a transition date of April 1, 2016.

The following are the areas which had an impact on account of transition to Indian Accounting Standard:

- Fair valuation of certain financial instruments.
- Employee costs pertaining to defined benefit obligations.
- Discounting of certain long-term liabilities.

The reconciliation and description of the effect of the transition to Ind AS have been provided in the notes to accounts in the standalone and consolidated financial statements respectively.

### Sugar Industry Overview

The global sugar production in the sugar year 2017-2018 is expected to be around 190 million MT as against the consumption of 175 million MT. This will lead to a surplus of 15 million MT. Similarly 2018-2019 sugar year is also expected to be a surplus year. This is mainly on account of increased production in Brazil, India, European Union and Thailand. 2017-2018 sugar years' global sugar consumption growth is reported as 1.4% and expected to increase to 1.6% in 2018-2019 against the long term level of 2%.

**India's sugar** production for the Sugar Year 2017-2018 is expected to end up with 31.5 million MT against previous sugar year production of 20.3 million MT. This year production increase is mainly due to higher sugar cane yield and recovery from Maharashtra, UP and other northern states. 2018-2019 Sugar year will also be a surplus as the preliminary estimates are showing a production of around 33 million MT. The consumption is reported to be around 25.5 million MT.

**Tamil Nadu** is affected due to failure of monsoon consecutively for the sixth year in a row which resulted in severe drought in many parts of the state. 2017-18 sugar years' sugar production is expected to be around 0.58 million tons. The Company's cane area is also facing severe drought conditions which may affect cane availability besides adversely affecting sugar cane yield and recovery.

### Performance of Business Segment

#### Sugar

The acreage of sugarcane cultivation has come down drastically in the state of Tamilnadu in the last 6 years due to scanty rainfall, shift in cropping pattern and shrinkage of cultivable land. As a result the overall area under cane has come down and in turn cane availability has also come down and now Tamilnadu has moved down to 10<sup>th</sup> position in the country's overall cane availability.

Your company crushed 5,50,416 tons during 2017-18 financial year which is down by 30% compared to last year. This is mainly due to the water scarcity and severe drought being faced by the factory command area.

Your Company got an allotment of 5,280 MT of raw sugar under duty free import scheme of Government of India and processed it with one of the top most recovery of 96.01%. Your company has not imported the second tranche of raw sugar allotment because of unviable price and levy of 25% duty.

#### Alcohol

The Alcohol production reduced by 24% compared to the previous year because of shortage of molasses. Overall cane availability in the state has come down by 40%, due to which availability of molasses also reduced.

#### Co-generation of Power

The power generation reduced by 29% compared to the previous year because of less number of operating days. Surplus bagasse from both the sugar units were sold in the market.

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

#### (a) Conservation of Energy

Higher capacity motor used for DM water transfer pump was replaced with high energy efficient lower capacity motor.

#### (b) Technology absorption

Sugar colour at both Kattur and Sathamangalam plants improved to 51 ICUMSA and 56 ICUMSA level respectively 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 achieved sugar colour through sulphitation process.



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

₹ in lakhs

Sl. No.	Particulars	2017 - 2018	2016 - 2017
(i)	Total Foreign Exchange earned	-	Nil
(ii)	Total Foreign Exchange outflow	<b>1469.49</b>	35.22

**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 Obligation and Disclosure Requirements) Regulations, 2015.

**Share Capital**

The paid up equity share capital of the Company as on March 31, 2018 was ₹. 8,288.86 Lakhs. In accordance with the order of Appellate Authority for Industrial and Financial Reconstruction (AAIFR) dated 17<sup>th</sup> June 2004, the Redeemable Preference Shares of the Company issued on 19<sup>th</sup> July 2004 were entirely redeemed on 14<sup>th</sup> June 2016 out of the accumulated profits of the Company. The company has neither issued any shares with differential voting rights nor granted stock options or sweat equity.

**Directors and Key Managerial Personnel**

Mr.Arjun B Kothari, (DIN 07117816), was appointed as Managing Director till 31<sup>st</sup> March 2020 and he is liable to retire by rotation as a director at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr.P.S. Balasubramaniam, Mr.V.R. Deenadayalu and Mr.P.S. Gopalakrishnan Independent Directors', term expires on 31<sup>st</sup> March 2019 and the Board proposes to re-appoint them for a second term w.e.f. 01<sup>st</sup> April 2019 based on their respective performance evaluation.

Mr.Arjun B Kothari, Managing 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, stating that each of them comply with the criteria of their Independence as laid down in Section 149(6).

**Composition of Audit Committee**

The Audit Committee comprises of the following directors for the year ended 31<sup>st</sup> March 2018:

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

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

**Remuneration Policy**

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

**Vigil Mechanism**

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

**Prevention of Insider Trading**

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

**Director's Responsibility Statement**

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

- (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.
- (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.

**Subsidiary Company**

Kothari International Trading Limited (KITL) is a wholly owned subsidiary of the Company. It carries on the business as Merchants, Traders and Commission Agents.

KITL has incurred a Loss of ₹.17.90 Lakhs for the year ended March 31, 2018 as against a Profit of ₹. 29.21 Lakhs in the previous year.

A Statement containing salient features of the financial statement of the subsidiary Company viz. KITL in form AOC-1 is attached as a part of the Consolidated Financial Statement of the Company.

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

**Associate Company**

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

In line with the requirement of Ind AS, the investments in the equity shares of Kothari Petrochemicals Ltd (Associate Company) have been restated at cost during the year. Consequently, the differential amount due to re-statement in value of such investments by ₹. 1,178.60 Lakhs has been added to the Reserves and Surplus.

KPL has made a profit before tax of ₹.14.47 Crores for the year ended March 31, 2018 as against ₹. 9.95 Crores in the previous year.

**Extract of Annual Return**

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

## 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 also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Sugar, Co-gen and Distillery Unit are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Mr.K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Company.

As required under the Companies Act, 2013, 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.3 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, Practicing Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure II". The Report does not contain any qualification.

## Deposits

The Company has not accepted deposits either from the members or public falling within the ambit of Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year. There were no outstanding deposits during and at the end of the financial year 2017 - 2018.

## Significant & Material Orders Passed by the Regulators

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

## Internal Financial Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal 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 Auditors attend 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 investments made by 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 had 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 review and their 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. Detailed Report on CSR activities in the prescribed format is forming part of this Annual Report.

### Related Party Transactions

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

All Related Party Transactions are placed before the Audit Committee as well as to the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseeable and of repetitive nature. For the transactions entered into pursuant to the omnibus approval so granted, a statement giving details of all related party transactions is placed before the Audit Committee 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 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 its own performance, the Directors individually as well as the evaluation of the working of its Committees, 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 reviewed the access, the quality, quantity and timeliness of flow of information between the company management and the Board without the presence of the Non-Independent Directors and members of the Management.

### Disclosure about Cost Audit

Filing of Cost Audit Report	2017-2018	2016 - 2017
Due Date	27.09.2018	27.09.2017
Actual Date	30.08.2018 (Target)	28.09.2017
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	-	Nil

### Listing with Stock Exchanges

The Company is listed in The National Stock Exchange of India Limited (NSE), Mumbai and the Stock Code is KOTARISUG & ISIN INE419A01022. The Company confirms that it has paid the Annual Listing Fees for the year 2018-2019 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.

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:

- The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and such other details. No Director is in receipt of remuneration except sitting fees. (For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration)
- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name	Designation	Percentage of Increase
(i)	Mr.Arjun B. Kothari	Managing Director	No Salary was paid during the year
(ii)	Mr.R.Krishnan	Chief Financial Officer	10%
(iii)	Mr.R.Prakash	Company Secretary	10%

- 4.84% increase has been reported in the median remuneration of employees in the financial year.
- The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2018: 494
- Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:  
Increase of remuneration for employees was in the range of 5% to 12% and for KMP the increase was 10% for the year.
- We affirm that the remuneration paid during the period under review, is as per the Remuneration Policy of the company.

### Consolidated Financial Statements

As stipulated by Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with applicable Accounting Standards along with Auditors Report and form part of this Annual Report.

### Cautionary Statement

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

### Acknowledgement

Your Directors thank the Banks, Customers, Debenture/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 by the employees of the Company.

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

Place : Chennai  
Date : 28<sup>th</sup> May, 2018

**Nina B. Kothari**  
Chairperson



**Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018**

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	% of Equity Shares held	Relative of Director or Manager
1	Silvester Goldwin. M	President - Operation	B.Tech. (Mechanical)	53.17	Permanent	27-07-1998	50	30	Miltech Engineers Ltd.	-	NO
2	Krishnan Ranganathan	Chief Financial Officer	B.COM., ICWA(Inter)	26.26	Permanent	23-10-2009	53	32	TTK Ltd.	-	NO
3	Sathyanarayanan. D	Head - Tech. Services	B.E. (Mechanical), B.O.E., AVSI.	24.28	Permanent	01-08-2016	48	26	Prudential Sugars	-	NO
4	Prakash. R	Company Secretary	M.Com., LLB., FCS	23.70	Permanent	01-05-2010	41	12	Kothari Petrochemicals Ltd.	-	NO
5	Ramachandran. V	General Manager	B.E.(Mechanical) Env.Engineer	20.91	Permanent	19-08-1994	51	27	Vecons Energy Systems	-	NO
6	Karthikeyan. P	Manager TLS	B.E. (Instrumentation)	16.86	Permanent	04-06-2007	36	15	Mawana Sugars	0.00	NO
7	Balamurali. V	Sr. Manager Marketing	B.Com	15.93	Permanent	21-04-1985	57	33	-	0.00	NO
8	Pushparaj. S	DGM Distillery	M.Sc. Environmental Science	14.91	Permanent	14-08-2000	48	25	Mohan Breweries	-	NO
9	Elamurugan. K	DGM Technical	B.E(MECH), BOE, M.B.A	13.89	Permanent	11-07-2007	57	25	Dharani Sugars	-	NO
10	Arumugam. N	Manager Power Plant	B.TECH	13.12	Permanent	27-03-2017	42	22	ACC Ltd	-	NO

**Notes:**

1. 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.

**ANNEXURE - I**
**Form No. MGT - 9  
 EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on 31<sup>st</sup> March 2018**

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

**I. REGISTRATION AND OTHER DETAILS**

CIN	L15421TN1960PLC004310
Registration Date	07.11.1960
Name of the Company	Kothari Sugars and Chemicals Limited
Category/ Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	"Kothari Buildings", No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034. Ph. No. 044-30251595/30225507 Fax No. 044-28334560 e-mail: secdept@hckgroup.com
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Share Transfer Agent	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 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

**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	70.75%
(ii)	Distillery	11019	18.42%
(iii)	Co-gen	35106	3.86%

**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 No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	U65191TN1989 PTC017390	Holding	70.20%	2(46)
(ii)	Kothari International Trading Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	U51101TN1995 PLC029759	Wholly Owned Subsidiary	100%	2(87)
(iii)	Kothari Petrochemicals Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	L11101TN1989 PLC017347	Associate	20.42%	2(6)

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

## i) Category-wise Share Holding

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<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>73.53</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	2,000	33	2,033	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>22,59,498</b>	<b>10,673</b>	<b>22,70,171</b>	<b>2.73</b>	<b>-</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	39,44,354	3,884	39,48,238	4.76	48,78,819	3,884	48,82,703	5.89	1.13
(b)	Individuals -									
	i. Individual shareholders holding nominal share capital upto ₹.1 lakh.	92,79,060	77,033	93,56,093	11.28	90,80,323	76,429	91,56,752	11.05	(0.23)
	ii. Individual shareholders holding nominal share capital in excess of ₹.1 lakh.	50,70,088	-	50,70,088	6.12	42,75,084	-	42,75,084	5.16	(0.96)
(c)	Any Other									
	i. Directors & Relatives	40,491	474	40,965	0.05	40,491	474	40,965	0.05	
	ii. Non-Resident Indians (NRI's)	2,85,863	172	2,86,035	0.34	3,01,207	172	3,01,379	0.36	(0.02)
	iii. Clearing Members	41,028	-	41,028	0.05	53,772	-	53,772	0.06	(0.01)
	iv. Hindu Undivided families	9,70,404	-	9,70,404	1.17	10,00,187	-	10,00,187	1.20	(0.03)
	v. Trusts	25	-	25	0.00	25	-	25	0.00	-
	vi. Foreign Nationals	-	-	-	-	9	-	9	0.00	-
	<b>Sub-Total (B)(2)</b>	<b>1,96,31,313</b>	<b>81,563</b>	<b>1,97,12,876</b>	<b>23.78</b>	<b>1,96,29,917</b>	<b>80,959</b>	<b>1,97,10,876</b>	<b>23.78</b>	<b>-</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,18,88,811</b>	<b>92,236</b>	<b>2,19,81,047</b>	<b>26.52</b>	<b>2,18,89,415</b>	<b>91,632</b>	<b>2,19,81,047</b>	<b>26.52</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>8,27,96,344</b>	<b>92,236</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,96,948</b>	<b>91,632</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>-</b>
<b>C.</b>	Shares held by Custodians and against which Depository Receipts have been issued									
	i. Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	ii. Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8,27,96,344</b>	<b>92,236</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,96,948</b>	<b>91,632</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

Sl. No.	Promoters Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Parvathi Trading & Finance Co. Pvt. Ltd.	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(ii)	Nina Bhadrashyam Kothari	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	-
	<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	3,28,364	0.27	16,83,835	2.03
3	Century Tecsol Private Limited	15,52,697	1.87	15,52,697	1.87
4	Bharati Bharat Dattani	39,122	0.05	2,30,268	0.28
5	Sameer Rajaram Gaikwad	2,03,372	0.25	2,03,372	0.25
6	Kirti Jamnadas Doshi	-	-	1,71,900	0.21
7	Dhwaja Shares & Securities Private Limited	-	-	1,34,388	0.16
8	Ajay Girdharilal Bhartiya	2,00,000	0.24	1,25,000	0.15
9	Venkattu Srinivasan	94,214	0.11	1,20,000	0.14
10	Balasubramanian Swaminathan	1,14,400	0.14	1,14,400	0.14

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

For Each of the Directors					
Sl. No.	Name of Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mrs.Nina B. Kothari	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.P.S.Gopalakrishnan	-	-	-	-
4	Mr.V.R.Deenadayalu	-	-	-	-
5	Mr.P.S.Balasubramaniam	505	0.00	505	0.00
For Each of the KMP					
1	Mr.R.Prakash Company Secretary & Compliance Officer	-	-	-	-
2	Mr. R. Krishnan - Chief Financial Officer	-	-	-	-

**V) INDEBTEDNESS**

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	14,785.31	623.15	-	15,408.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	502.20	-	-	502.20
<b>Total (i+ii+iii)</b>	<b>15,287.51</b>	<b>623.15</b>	<b>-</b>	<b>15,910.66</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	775.03	-	-	775.03
Reduction	3,545.02	-	-	3,545.02
<b>Net Change</b>	<b>(2,769.99)</b>	<b>-</b>	<b>-</b>	<b>(2,769.99)</b>
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	12,246.40	623.15	-	12,869.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	271.12	-	-	271.12
<b>Total (i+ii+iii)</b>	<b>12,517.52</b>	<b>623.15</b>	<b>-</b>	<b>13,140.67</b>

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

No remuneration was paid to Managing Director during the year 2017-18.

**B. Remuneration to Other Directors**

## 1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors			
		Mr.P.S.Gopalakrishnan	Mr.V.R.Deenadayalu	Mr.P.S.Balasubramaniam	Total Amount in ₹
1	Sitting fees for attending Board and Committee Meetings	1,90,000	1,80,000	1,90,000	5,60,000
2	Commission / Others, please specify	-	-	-	-
<b>Total (B) (1)</b>					<b>5,60,000</b>

## 2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs. Nina B. Kothari	Total Amount In. ₹
1	Sitting fee for attending Board and Committee Meetings	1,10,000	1,10,000
2	Commission / Others, please specify	-	-
	<b>Total (B) (2)</b>		<b>1,10,000</b>
<b>Total (B) = (B)(1) + (B)(2)</b>			<b>6,70,000</b>

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

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of KMP		
		Mr.R.Prakash Company Secretary & Compliance Officer	Mr.R.Krishnan Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	23.06	26.26	49.32
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.64	--	0.64
	(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 (C)</b>		<b>23.70</b>	<b>26.26</b>	<b>49.96</b>

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

There were no penalties / punishment / compounding of offences for the year ended March 31, 2018.

**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 programmes for welfare & sustainable development of the community at large.

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

Sl. No.	For the Financial Year	Annual Net Profit (as per Indian GAAP)
(i)	2016 - 2017	1,088.84
(ii)	2015 - 2016	41.94
(iii)	2014 - 2015	(191.12)
	<b>Total</b>	<b>939.66</b>
	<b>Average Annual Net Profit</b>	<b>313.22</b>

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

2% of Average Net Profit works out to ₹. 6.26 Lakhs

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

- (a) Total amount to be spent for the financial year : ₹. 6.26 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:** May 28, 2018

**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 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Spent towards ongoing school construction located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education / Literacy Enhancement	Local area, where the company operates and the location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu	₹. 6.26 Lakhs	Direct Expenditure of ₹. 6.26 Lakhs	₹. 6.26 Lakhs spent during the financial year 2017-18	An amount of ₹. 6.26 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. Experience: Since the inception the Trust involved in the activities of developing and improving the Education. The Trust has undertaken the construction of the school building and has ensured that quality education is provided to the needy children.

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

For the Financial Year ended March 31, 2018

[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**

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

Based on my verification of the **Kothari Sugars and Chemicals Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the financial year ended March 31, 2018 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;
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, 2009 (Not applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 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 the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - (Not Applicable to the Company during the Audit Period);
6. I have also examined compliance with the applicable clauses of the following;

Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

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

7. **I 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 laws applicable specifically to the Company, as listed below;

- (a) The Sugar Cess Act, 1982
- (b) The Sugarcane Control (Order), 1966
- (c) Sugar Development Fund Act, 1982
- (d) Food Safety and Standards Act, 2006
- (e) The Boiler Act, 1923
- (f) The Legal Metrology Act, 2009
- (g) Environmental Protection Act, 1986
- (h) Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. During the period under review there were no change in the composition of Board of Directors.

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.

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

**I further report that** there were no other specific event/actions in pursuance of the above referred laws, rules, regulation, guidelines, etc., having major bearing on the Company's affairs.

**For M.Alagar & Associates**

**M. Alagar**

FCS No: 7488

C P No: 8196

**Place:** Chennai

**Date :** May 11, 2018

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**

**M. Alagar**

FCS No: 7488

C P No: 8196

**Place:** Chennai

**Date :** May 11, 2018



## Management Discussion and Analysis

### Industry Structure and Development

#### Industry Structure - World Sugar

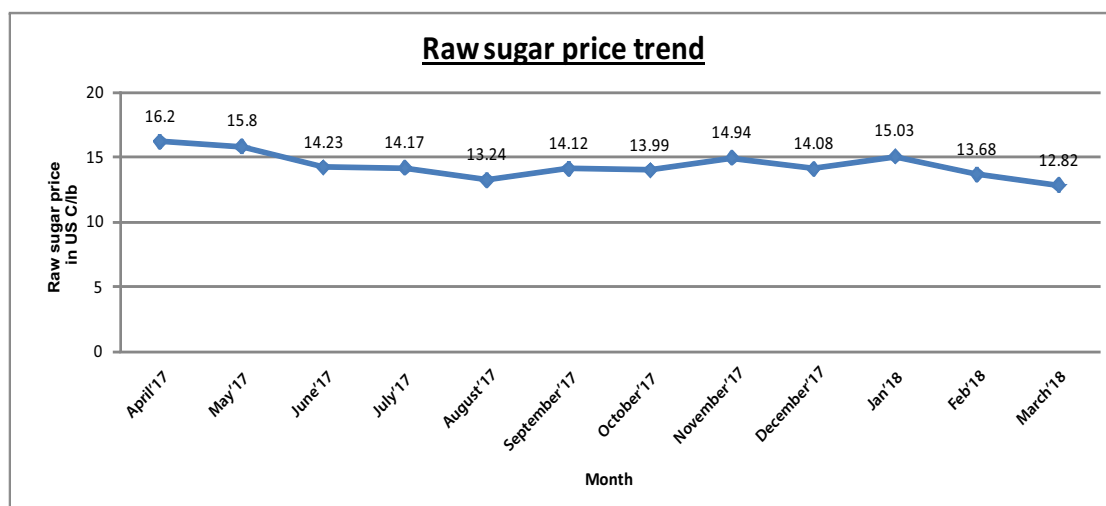
The global sugar production in the sugar year (SY) 2017-2018 is expected to reach 190 million MT against the consumption of 175 million MT with surplus of about 15 million MT. Similarly 2018 - 2019 is also expected to be a surplus year. Global sugar consumption growth for the SY 2017-2018 is reported as 1.4% and expected to increase to 1.6% in SY 2018-2019 against the long term level of 2%.

Changes in oil and energy prices and their implications for the share of sugarcane dedicated as a feedstock for ethanol production, particularly in Brazil, will also influence the market.

The world sugar market continues to experience considerable price volatility. The inventory growth raises global stocks to use ratio from 50.8% to 53.2%.

Government policies that intervene in sugar markets, and production cycles in some major cane producing countries of Asia, will continue to influence world sugar production and price volatility over the longer term.

Sugar producer and dominant global trading nation, has attained the status of a "price setter" on the world market with international sugar prices usually correlated with its relatively low production costs.



#### Industry Structure - Indian Sugar

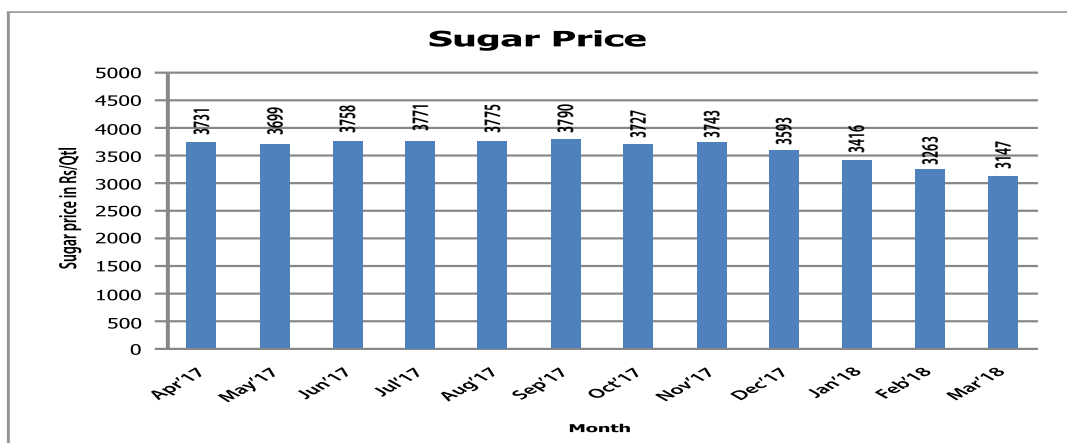
India's sugar production reached 281.82 lakh tons as of March'18 end. This is about 92.95 lakh tons higher than that of last year.

Out of 524 sugar mills which were operating during the current season, 193 mills have stopped crushing and remaining 331 sugar mills were in operation as on 31<sup>st</sup> March 2018. Maharashtra has produced 101.27 lakh tons and U.P has produced 95.40 lakh tons upto 31<sup>st</sup> March 2018. The sugar mills in Karnataka have produced 35.56 lakh tons in the current season upto 31<sup>st</sup> March, 2018. Due to an unexpected surplus sugar availability of around 45 lakh tons of sugar over and above the required closing balance during the current 2017-18 season, domestic ex-mill prices have crashed once again and all India average ex-mill sugar price are hovering around ₹. 3000 per quintal. This is already about ₹. 500 to 600 per quintal below the cost of production of sugar.

The Government has announced Minimum Indicate Export Quota (MIEQ) of 20 Lakhs tons for exports to move out some surplus stocks out of the country, this would help in stabilizing the domestic sugar price.

A longstanding feature of the sugar market in India is the cyclical nature of production, where 2-3 years of surplus are followed by 2-3 years of deficit. In recent years, the cycle has been more pronounced, with larger swings in production and trade. However, Indian Government is taking various measures to maintain stable sugar price in conjunction to the cane price which will be beneficial to the industry.

Weather patterns of course are a key factor as sugarcane yields are greatly affected by the level of rainfall, notably during the critical monsoon season. But, domestic sugar policies amplify the cycle through their effect on incentives along the sugar value chain, including for farmers and sugar factories.



### Government Policies

**Government of India has taken the following measures to stabilise the market; yet the downfall in the sugar prices is continuing**

- Increased the sugar's import duty to 100% in February 2018 to further protect local industry.
- Sugar Stock holding limits imposed to industry during the months of February and March 2018 to maintain good realisation of price.
- 20 % export duty on sugar was scrapped in March 2018 to stabilise the local price.
- Allowed 2 million tons sugar for export under MIEQ (Minimum Indicative Export Quota) to liquidate some quantum of surplus sugar from the domestic market and to stabilise the local price.
- Cabinet approved sugar cane subsidy of ₹. 55 per Ton in May 2018 to support sugar millers.

**The Tamilnadu state government has taken the following steps during the 2017-2018 sugar year:**

- From 2017-18 sugar year, the Sugarcane pricing will be done with Revenue Sharing model as like in Maharashtra and Karnataka which may ensure stable margins to sugar millers.
- No more State Advisory Price (SAP) for sugarcane from current sugar season which is the major relief to the sugar industry in the state.
- Allotted ₹. 200 crores, in the Budget 2018-19, as production incentive directly to be paid to farmers.
- During the year, based on the efforts by the Tamil Nadu State Government a onetime settlement of additional cane price for sugar seasons 2013 - 2014 to 2016 - 2017 as agreed between the farmer and the company has taken place. This has been settled by the company and is included in exceptional items for the year ended 31<sup>st</sup> March 2018.

### Opportunities and Threats

#### Opportunities

Though sugar production is going to be surplus during current year as well as the year ahead, State Government may ease the control over quantity of molasses diversion to Ethanol production. Central government is considering to reduce GST on Ethanol to encourage more production of ethanol. Government may also come out with further Export quota of sugar to stabilise the price. The Government is in the process of announcing certain relief measures to ensure protection to the farmer, consumer as well as the industry.

#### Threats

Dependency on rainfall in our command area forcing reduced availability of raw material for the sugar production which in turn will give less bagasse availability for the co-gen and molasses availability for the distillery operations. The CACP recommended to the Central Government for fixing the FRP for sugarcane as ₹. 2750 / ton which will be ₹. 200 / ton higher from the current year's price, if Government approves it.

## **Segment-wise or product-wise performance**

### **Sugar**

The quantum of cane crushed has come down by 30% i.e. from 7,89,583 tons to 5,50,416 tons, during 2017-2018 financial year mainly due to of severe drought which is being continuously faced in Tamil Nadu for the last 6 years. However, 2017-2018 sugar season, the sugar cane cultivation area is expected to increase by 15%.

### **Power**

Long term PPA with TANGEDCO continues. The tariff for the export power is ₹. 3.73 per unit for Kattur unit and ₹. 4.63 per unit for Sathamangalam unit. Compared with previous year the power generation was less by 29% because of less sugar cane availability & therefore bagasse. As the power tariff was not attractive, the company found alternate market for the surplus bagasse.

### **Alcohol**

The distillery unit was operated with high efficiency, and it is one of the few lowest energy consuming units in India. Compared to last year the alcohol production was less by 24 % because of shortage of molasses. We are exploring the possibility of importing molasses from other surplus states.

### **Outlook**

2017-18 and 2018-19 sugar years are going to be a surplus sugar production years globally as well as in India. Central and northern part of India are recording higher production than the estimates, southern part of India, particularly Tamil Nadu records continuously its downward trend because of severe drought. Availability of water, Government policies on sugar and ethanol are the key factors which are going to decide the fate of sugar industry in India and Tamil Nadu in particular. However, favourable measures from Central Government will definitely help the industry and the company.

## **Risks and Concerns**

### **Industry Risk**

Sugar being a common commodity the risk in sugar manufacturing is both local as well as global.

### **Risk Mitigation**

Continuous focus to improve operational efficiencies to optimise the cost of production. Planning to procure molasses from outside to operate distillery for more number of days to maximise the production and revenue.

### **Risk specific to Company**

Lower sugar and molasses production, in your company, because of continuous scarcity of water in the factories command area which in turn reduces the availability of raw material, increases the cost of production.

### **Risk Management**

Continuously focussing and giving top most priority for the irrigation infrastructure development in the command area. Besides assisting the farming community to get loan from the banks, your company is also helping / support them financially, on recoverable basis, to develop irrigation infrastructure like deepening the bore well, installing new pump sets, laying new pipelines / extension of existing network of pipe lines etc. Also, in coordination with State Governments Agriculture department focussing to implement the micro irrigation schemes in as much acres as possible with subsidised micro-irrigation scheme. Further, emphasising to lay more number of model plots and by practicing good agronomical practices has proved that higher yield is possible. Continuous farmer awareness campaigns are being arranged to visit these model plots and to have interaction with the concerned farmer to understand the best practices followed to achieve the higher yield and in turn lesser cane cultivation cost.

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

Due to severe shortage of sugarcane owing to insufficient rainfall for the past 3 to 5 years, Company had a lower production compared to the previous years. This resulted in under utilization of capacity in sugar, power and alcohol production as they are inter-related. Revision in sugarcane price (FRP- Fair and Remunerative price) fixed by the Central Government from ₹. 2,300/- to ₹. 2,550/- for the current season 2017-18.

This resulted in higher cost of production during the year and impacted the profitability. Towards the end of the year the sugar prices have started to fall steeply due to bumper production across India. This resulted in drop in valuation of sugar stocks held at the closing of year. Company has also paid cane arrears pertaining to sugar season 2013-14 to 2016-17 as one time settlement which also contributed to the lowering of profits.

To achieve this level of production, as there was stiff competition for sugarcane due to shortage, Company was able to borrow additional funds at the same rate of interest applicable to Cash credit facilities from Banks to pay the farmers as there was restriction on sale of sugar imposed by the Central government during February and March 2018.

#### **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 also placed before the Audit Committee at its meetings and they are reviewed by the Audit Committee. The Board, Audit Committee and the Management ensure that the internal financial control system operates effectively.

The Internal Auditors review the adequacy of internal control systems and suggest necessary checks and balances to ensure and increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subjected to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

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

Human resources are the most important resources in an organization and need to be used efficiently, because success, stability and growth of an organization depend on its ability in acquiring, utilizing and developing the human resources for the benefit of the organization.

Employees attend 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 work place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Total number of employees as on 31<sup>st</sup> March 2018 was 494 in respect of sugar and allied operations.

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

Place: Chennai  
Date: 28<sup>th</sup> May, 2018

**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 five directors and 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 2018

Name of the Director	Director Category	No. of Board Meetings		Attendance at previous AGM held on September 08, 2017	Number of Directorships in other companies	Number of Committee Memberships in other companies	
		Held	Attended			Chairman	Member
Mrs. Nina B. Kothari	Non - Executive	4	4	Yes	14	1	-
Mr. Arjun B. Kothari	Managing Director	4	4	Yes	15	1	1
Mr. P.S. Balasubramaniam	Independent	4	4	Yes	06	-	3
Mr. V.R. Deenadayalu	Independent	4	4	Yes	-	-	-
Mr. P.S. Gopalakrishnan	Independent	4	4	Yes	03	1	-

#### 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.

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.

### 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 directors and attendance of each director for the year ended 31<sup>st</sup> March 2018 is as follows:

Sl. No.	Names of the Director	Designation	No. of Meeting held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	04	04
(ii)	Mr.P.S.Balasubramaniam	Member	04	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 08<sup>th</sup> September, 2017. The Audit Committee met four times during the year on 30<sup>th</sup> May 2017, 07<sup>th</sup> Sep 2017, 22<sup>nd</sup> Nov 2017 & 30<sup>th</sup> Jan 2018.

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 2018, the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / accounting exposure. The Managing Director, Chief Financial Officer and President 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 08<sup>th</sup> Sep, 2017. The Committee met once during the year on 30<sup>th</sup> May, 2017.

The details are as follows:

Sl. No.	Name of Director	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	01	01
(ii)	Mr.P.S.Balasubramaniam	Member	01	01
(iii)	Mr.V.R.Deenadayalu	Member	01	01

**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.



- b) The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - i. 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. Currently, the Non-executive directors of the company are not being paid any commission.

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

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

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

At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus by way of commission. Currently the Managing Director does not receive any remuneration.

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

- a) In determining the remuneration of the Senior Management Employees, the N&R Committee shall ensure / consider the following:
  - i. The relationship between remuneration and performance benchmark is clear;
  - ii. The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- b) The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

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

- Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing 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.

- 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 individual Directors, Board and its Committees. Thus, Nomination and Remuneration Committee recommends the devised format to the Board to apply while conducting the Annual Evaluation.

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

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee carries out the functions of share transfers, transmissions, issue of duplicate share certificates, re-materialisation 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 08 times during the year 2017 - 2018. No sitting fee is paid for attending the meetings of the Committee.

Sl.No	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	08	08
(ii)	Mr.P.S.Balasubramaniam	Member	08	03
(iii)	Mr.Arjun B. Kothari	Member	08	08

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting of the Company held on 08<sup>th</sup> Sep, 2017.

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.

#### Details of the Complaints received from the Shareholder(s) / Regulator(s) during the financial year 2017-2018

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non-receipt of dividend	07	07	-
(ii)	Non-receipt of new share certificate	03	03	-
(iii)	Non-receipt of annual reports	03	03	-
	<b>TOTAL</b>	<b>13</b>	<b>13</b>	<b>-</b>
(i)	Securities Exchange Board of India (SEBI)	-	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

#### Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) Committee of the Board has been constituted. Corporate Social Responsibility Committee met one time during the financial year 2017 - 2018 on November 22, 2017.

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

Sl. No.	Names of the Directors	Designation	No. of Meetings	Directors Attendance
(a)	Mrs.Nina B. Kothari	Chairperson (Non Executive & Non Independent)	01	01
(b)	Mr.Arjun B. Kothari	Member (Executive & Non-Independent)	01	01
(c)	Mr.P.S.Balasubramaniam	Member (Independent Director)	01	01
(d)	Mr.P.S.Gopalakrishnan	Member (Independent Director)	01	01

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

#### **INVESTMENT AND CREDIT APPROVAL COMMITTEE - Non Mandatory Committee**

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

Pursuant to section 179 of the Companies Act, 2013, the Board delegates its power to borrow monies, power to invest the funds of the company and the power to make loans to the Investment and Credit approval Committee within the total sanction limit approved by the Members of the Company from time to time. The Committee met 4 times during the year. No sitting fee is paid for attending the meetings of the Committee.

The Committee comprises of the following Directors

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

#### **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 its own performance, the Directors individually as well as the evaluation of the working of its Committees.

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

#### **SEPARATE MEETING OF INDEPENDENT DIRECTORS**

During the year under review, the Independent Directors met on January 30, 2018, inter alia to

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

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

#### **Familiarisation Programme for Independent Directors**

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

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.

#### REMUNERATION PAID TO DIRECTORS

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

##### a) Details of Sitting Fees paid during the financial year 2017-2018

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					Total
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Director Meeting	
Mrs.Nina B. Kothari	1,00,000	N.A	10,000	N.A	N.A	1,10,000
Mr.P.S.Gopalakrishnan	1,00,000	60,000	10,000	10,000	10,000	1,90,000
Mr.V.R. Deenadayalu	1,00,000	60,000	N.A	10,000	10,000	1,80,000
Mr.P.S.Balasubramaniam	1,00,000	60,000	10,000	10,000	10,000	1,90,000
<b>Total</b>	<b>4,00,000</b>	<b>1,80,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>6,70,000</b>

The other transactions with non-executive director's vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2018 are disclosed elsewhere in the annual report.

##### b) Details of shareholding of Directors as on 31<sup>st</sup> March 2018

As on 31<sup>st</sup> March 2018, Mr.Arjun B. Kothari, Managing Director holds 14,400 equity shares and Mrs. Nina B. Kothari, Non-Executive Director holds 26,83,498 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company except Mr.P.S.Balasubramaniam who holds 505 equity shares.

#### ANNUAL GENERAL MEETINGS

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

Year / Date / Day / Time	Venue
2016-2017 Sep 08, 2017 Friday 10.15 A.M	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.
2015-2016 Aug 05, 2016 Friday 10.15 A.M	
2014-2015 Aug 11, 2015 Tuesday 10.30 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
Sep 08, 2017	No	-
Aug 05, 2016	No	-
Aug 11, 2015	Yes	Appointment of Mr.Arjun B. Kothari as Managing Director and Whole Time Key Managerial Person.

No special resolution was passed by the shareholders of the company through postal ballot during the year 2017 - 2018.

## SUBSIDIARY COMPANY

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

The Company has also formulated a policy for determining what a material subsidiary is and the details of such policy is disseminated in the website of the Company ([www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl))

## RISK ASSESSMENT AND MINIMISATION PROCEDURES

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

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

The company affirms that no personnel 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).

## 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 arms length pricing basis.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per the requirements of Indian Accounting Standard 24, are disclosed in the notes to accounts annexed to the financial statements. Further the Company has not entered into any transaction of a material nature with the Promoters, Directors their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

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

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

## COMPLIANCES

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

## MEANS OF COMMUNICATION

- The 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 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.
- 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.
- No presentations have been made to institutional investors or to analysts.

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

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). As provided under SEBI (Listing 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 2017-2018.

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

Day, Date and Time	Venue
Tuesday, July 31, 2018 at 10.30 A.M	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.

**b) Financial Calendar of the Company**

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

Results for Quarter ending 30 <sup>th</sup> June, 2018	First fortnight of August, 2018
Results for Quarter ending 30 <sup>th</sup> September, 2018	First fortnight of November, 2018
Results for Quarter ending 31 <sup>st</sup> December, 2018	First fortnight of February, 2019
Results for Quarter ending 31 <sup>st</sup> March, 2019	Last Week of May, 2019

**c) Date of Book Closure**

The period of Book Closure is fixed from Wednesday, 25<sup>th</sup> July, 2018 to Tuesday, 31<sup>st</sup> July 2018 (both days inclusive)

**d) Management Discussion and Analysis Report**

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

**e) Listing of Shares**

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2018 - 19 has been paid. (Stock Code: KOTARISUG).

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

Month	High (₹.)	Low (₹.)	No. of shares traded	Month	High (₹.)	Low (₹.)	No. of shares traded
Apr 2017	15.30	13.40	761056	Oct 2017	14.65	12.85	900834
May 2017	14.45	12.10	595100	Nov 2017	17.40	14.10	3125202
Jun 2017	13.75	12.60	460158	Dec 2017	24.80	16.00	6740973
Jul 2017	14.50	12.55	1225121	Jan 2018	20.50	15.55	2407035
Aug 2017	15.65	13.05	1731474	Feb 2018	17.25	13.25	1214773
Sep 2017	14.90	13.10	1016708	Mar 2018	15.05	11.60	2542781

**h) Distribution of Shareholding as on 31<sup>st</sup> March 2018****(Amount in ₹)**

₹. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	20,674	2,16,69,340
5,001 - 10,000	1,972	1,73,36,370
10,001 - 20,000	1,048	1,69,79,620
20,001 - 30,000	372	97,17,450
30,001 - 40,000	183	67,05,920
40,001 - 50,000	211	1,02,09,240
50,001 - 1,00,000	255	1,95,40,360
1,00,001 and above	210	72,67,27,500
<b>Total</b>	<b>24,925</b>	<b>82,88,85,800</b>



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

As per the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years in the unclaimed Dividend Account are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As per Section 124 (6) of the Companies Act, 2013, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred by the Company in the name of IEPF. The shareholder is entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as may be prescribed in the Act.

The unclaimed dividend as on March 31, 2018 is as follows:

Nature of Dividend	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2018	Date of Declaration	Due Date for transferring to IEPF
Final Dividend	2013 - 14	₹. 5,13,791.00	03.09.2014	09.10.2021
Final Dividend	2016 - 17	₹. 4,64,962.50	08.09.2017	14.10.2024

**k) 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 Disclosures Requirements) Regulation, 2015. The non-mandatory requirements have been adopted to the extent and in the manners as stated under the appropriate headings detailed elsewhere in this report.

**l) Reconciliation of Share Capital Audit**

A quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical 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 2018 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 8,27,96,948 equity shares representing 99.88% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2018.

**m) Information to Shareholders**

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

**n) Plant Locations**

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

**o) Address for Correspondence**

Company's Registered Office	Company's Share Transfer Agent
The Company Secretary Kothari Sugars & Chemicals Limited Kothari Buildings, 115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034. Tel. No. : 044-30281595, 30225507. Fax No. : 044-28334560 E-mail : secdept@hckgroup.com	M/s. Cameo Corporate Services Limited Unit: Kothari Sugars & Chemicals Limited Subramanian Building, 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

**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, 2018.

for **Kothari Sugars & Chemicals Limited**

Place : Chennai

Date : May 28, 2018

**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 2018 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
- (i) significant changes, if any, in internal control over financial reporting during the year
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai

Date: May 28, 2018

**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, 2018 as stipulated under SEBI Listing Regulations, 2015 as referred to in Regulation 15(2) of the listing regulations for the period from April 01, 2017 to March 31, 2018 of the said company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Practising Company Company

FCS No. 7488/ C.P. No. 8196

Place : Chennai

Date : 11<sup>th</sup> May 2018

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

To the members of Kothari Sugars and Chemicals Limited

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

1. We have audited the accompanying Standalone Ind AS financial statements of Kothari Sugars and Chemicals Limited, ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
3. 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Other Matters

8. The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by another firm of Chartered Accountants and their reports for the year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated 30<sup>th</sup> May 2017 and 27<sup>th</sup> May 2016 respectively, expressing an unmodified opinion on those Standalone financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") and issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

10. 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Standalone Ind AS financial statements, comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- (e) on the basis of written representations received from the Directors as on 31<sup>st</sup> March 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a Director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.43 to the Standalone Ind AS 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)

Place : Chennai  
Date : 28<sup>th</sup> May 2018

**S.SRIRAM**  
Partner  
Membership No. 205496

#### **Annexure - A to Independent Auditors' Report - 31<sup>st</sup> March 2018**

**(Referred to in our report of even date)**

- i.
  - 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 185 and 186 of the Companies Act, 2013 in respect of investments made by the Company. The Company has not provided any loans or guarantee or security to any company covered under Section 185 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, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess. To the best of our knowledge and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March 2018 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 2018 on account of disputes 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	78.69	CESTAT	1993-94 to 1996-97, 2003-04, 2006-07
Central Excise Act, 1944	Excise Duty	116.68	Assistant Commissioner, Central Excise	1996-97, 1997-98, 2010-11, 2003-04, 2004-05, 2014-15
Central Excise Act, 1944	Excise Duty	438.36	Joint/ Assistant Commissioner, Central Excise	2003-04 to 2011-12
Central Excise Act, 1944	Excise Duty	21.89	High Court, Madras	1995-96, 1998-99, 1999-2000, 2002-03
Central Excise Act, 1944	Excise Duty	128.19	Supreme Court	1995-96 to 1998-99
Central Excise Act, 1944	Excise Duty	6.57	Commissioner (Appeals), Central Excise	2014-15
Finance Act, 1994	Service Tax	1.32	CESTAT	2011-12
Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003	Electricity consumption tax	382.63	Supreme Court	2003-04 to 2017-18

- 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. The Company has not paid any managerial remuneration and hence the provisions of Section 197, read with Schedule V to the Companies Act, 2013 are not applicable.
- 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)

Place : Chennai  
 Date : 28<sup>th</sup> May 2018

**S.SRIRAM**  
 Partner  
 Membership No. 205496

**Annexure - B to the Independent Auditors' Report - 31<sup>st</sup> March 2018**

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of Kothari Sugars and Chemicals Limited ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by 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.
4. 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.
5. 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**

6. 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**

7. 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**

8. 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 2018, 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)

Place : Chennai  
 Date : 28<sup>th</sup> May 2018

**S.SIRAM**  
 Partner  
 Membership No. 205496



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

₹ in lakhs

S.No	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>A</b>	<b>ASSETS</b>				
	<b>Non-Current Assets</b>				
	(a) Property, Plant and Equipment	2	17,697.35	18,990.44	19,356.09
	(b) Capital Work in Progress	2	-	37.99	1.01
	(c) Investment Property	3	118.42	120.79	123.16
	(d) Other Intangible Assets	4	29.47	1.70	1.70
	(e) Financial Assets				
	(i) Investments				
	(a) Investment in Subsidiaries	5	-	-	-
	(b) Investment in Associates	5	1,201.90	23.30	23.30
	(ii) Other financial assets	8	242.34	224.78	254.38
	(f) Deferred Tax Assets	35	628.23	770.41	1,129.73
	(g) Other Non-Current Assets	9	1.44	1.44	1.44
	<b>Total non-Current Assets</b>		<b>19,919.15</b>	<b>20,170.85</b>	<b>20,890.81</b>
	<b>Current Assets</b>				
	(a) Inventories	10	12,755.13	14,384.61	11,616.94
	(b) Financial Assets				
	(i) Other Investments	6	2,096.37	1,938.49	1,761.72
	(ii) Trade Receivables	7	1,783.36	1,398.54	928.42
	(iii) Cash and Cash Equivalents	11	242.97	132.07	1,482.79
	(iv) Bank balances other than (iii) above	12	54.28	141.35	174.31
	(v) Other Financial assets	8	190.86	151.63	359.11
	(c) Current tax assets (Net)	13	176.67	22.42	253.79
	(d) Other current Assets	9	406.81	471.42	477.25
	<b>Total Current Assets</b>		<b>17,706.45</b>	<b>18,640.53</b>	<b>17,054.33</b>
	<b>TOTAL ASSETS</b>		<b>37,625.60</b>	<b>38,811.38</b>	<b>37,945.14</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
	(a) Equity Share Capital	14	8,288.86	8,288.86	8,288.86
	(b) Other Equity	15	5,648.14	4,922.70	4,303.43
	<b>Total Equity</b>		<b>13,937.00</b>	<b>13,211.56</b>	<b>12,592.29</b>
	<b>Liabilities</b>				
	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	16	3,605.09	5,432.81	8,419.28
	(ii) Other Financial Liabilities	19	-	246.52	586.53
	(b) Deferred Tax Liabilities	35	3,462.43	3,467.88	3,472.96
	(c) Other Non-Current liabilities	20	1.66	53.35	21.66
	<b>Total Non-Current Liabilities</b>		<b>7,069.18</b>	<b>9,200.56</b>	<b>12,500.43</b>
	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	17	6,673.78	5,898.75	4,531.79
	(ii) Trade Payables	18	7,549.66	5,419.88	3,286.27
	(iii) Other Financial Liabilities	19	2,055.37	3,515.69	3,967.77
	(b) Provisions	21	188.53	137.48	110.10
	(c) Other Current Liabilities	20	152.08	1,427.46	956.49
	<b>Total Current Liabilities</b>		<b>16,619.42</b>	<b>16,399.26</b>	<b>12,852.42</b>
	<b>Total Liabilities</b>		<b>23,688.60</b>	<b>25,599.82</b>	<b>25,352.85</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,625.60</b>	<b>38,811.38</b>	<b>37,945.14</b>

The accompanying notes are an integral part of these financial Statements

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.Gopalakrishnan**  
 Director

**S. Sriram**  
 Partner  
 Membership No. 205496  
 Place : Chennai  
 Date : May 28, 2018

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

₹ in lakhs

S.No	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from Operations	22	29,000.57	32,937.78
II	Other Income	23	525.12	519.42
III	<b>Total Income (I+II)</b>		<b>29,525.69</b>	<b>33,457.20</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	24	19,912.11	24,912.94
	Changes in Inventories of finished goods, work-in-progress and stock in trade	25	868.43	(2,540.09)
	Excise duty on sale of goods		307.95	1,262.45
	Employee benefit expense	26	1,836.76	1,776.11
	Finance costs	27	649.72	811.22
	Depreciation and amortisation expense	28	1,385.61	1,462.88
	Other expenses	29	3,280.42	3,892.39
	<b>Total Expenses (IV)</b>		<b>28,241.00</b>	<b>31,577.89</b>
V	<b>Profit before exceptional items and Tax (III-IV)</b>		<b>1,284.69</b>	<b>1,879.31</b>
VI	<b>Exceptional items</b>	30	<b>1,017.78</b>	<b>622.35</b>
VII	<b>Profit before Tax (V - VI)</b>		<b>266.92</b>	<b>1,256.96</b>
VIII	Tax Expense:			
	1) Current tax		80.92	262.53
	2) Tax for earlier years		-	21.28
	3) Deferred tax		137.98	(75.23)
	<b>Total Tax expenses</b>		<b>218.90</b>	<b>208.57</b>
IX	<b>Profit for the year (VII-VIII)</b>		<b>48.01</b>	<b>1,048.39</b>
	Other Comprehensive Income			
	A. i) Items that will not be reclassified to profit or loss			
	a) Re-measurement of the defined benefit plan		(3.61)	0.35
	b) Equity instruments through other comprehensive income		-	-
	ii) Income tax relating to items that will not be re-classified to profit or loss		(3.61)	0.35
	iii) Income tax relating to items that will be re-classified to profit or loss		1.25	(0.12)
	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>		<b>(2.36)</b>	<b>0.23</b>
XI	<b>Total Comprehensive Income (VII+VIII)</b>		<b>45.66</b>	<b>1,048.62</b>
XII	<b>Earnings Per Equity Share (Nominal value per share ₹.10/-)</b>			
	(a) Basic	39	0.06	1.26
	(b) Diluted	39	0.06	1.26

The accompanying notes are an integral part of these financial Statements

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.Gopalakrishnan**  
Director

**S. Sriram**  
Partner  
Membership No. 205496  
Place : Chennai  
Date : May 28, 2018

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL AND OTHER EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2018 ₹ in lakhs

Particulars	Reserves and Surplus				Items of other comprehensive income		
	Share Capital	Capital redemption reserve	Debt redemption reserve	General reserve	Retained earnings	Equity instruments through other Comprehensive income	Actuarial Gain / Loss
Balance at April 1, 2016 (as previously reported)	8,376.36	1,312.50	750.00		1,435.96		11,874.82
Redeemable Preference Shares transferred to other financial liabilities	(87.50)						(87.50)
Effect of interest free loans					796.56		796.56
Fair value of investment through FVTPL					1.91		1.91
Impact of interest free rental deposit					1.01		1.01
Impact of effective interest rate on loans					5.15		5.15
Deferred tax adjustment					0.34		0.34
<b>Restated Balance at April 1, 2016</b>	<b>8,288.86</b>	<b>1,312.50</b>	<b>750.00</b>	<b>-</b>	<b>2,240.93</b>	<b>-</b>	<b>12,592.29</b>
<b>Movement during 2016-17</b>							
Transferred from retained earnings		87.50			(87.50)		-
Profit for the year					1,048.39		1,048.39
Other comprehensive income for the year, net of income tax							0.23
Deferred tax adjustment		-			(429.35)		(429.35)
<b>Balance at March 31, 2017</b>	<b>8,288.86</b>	<b>1,400.00</b>	<b>750.00</b>	<b>-</b>	<b>2,772.47</b>	<b>-</b>	<b>13,211.56</b>
<b>Movement during 2017-18</b>							
Profit for the year					48.01		48.01
Restatement of Investment in associates at cost				1,178.60			1,178.60
Other comprehensive income for the year, net of income tax							(2.36)
Payment of Dividend and Dividend Distribution Tax					(498.81)		(498.81)
<b>Balance at March 31, 2018</b>	<b>8,288.86</b>	<b>1,400.00</b>	<b>750.00</b>	<b>1,178.60</b>	<b>2,321.67</b>	<b>-</b>	<b>13,937.00</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  
Place : Chennai  
Date : May 28, 2018  
Membership No. 205496

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, 2018**

₹ in lakhs

S. No	Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
<b>A.</b>	<b>Cash flow from operating activities</b>				
	Profit before tax		266.92		1,256.96
	Adjustments for:				
	Depreciation and Amortisation	1,385.61		1,462.88	
	Finance Costs (net)	649.72		811.22	
	Effect of interest free loans	(128.62)		(128.62)	
	Net (Gain) / loss arising on FVTPL transactions	(7.22)		4.09	
	Re-measurement of employee benefit plan	(3.61)		0.35	
	Dividend Income	(30.40)		(30.39)	
	Profit on sale of Fixed Assets (net)	(10.38)		(2.99)	
	Interest Income	(85.33)		(111.90)	
	Bad Debts	8.40		-	
	Liability no longer required written back	(18.04)		(22.83)	
	Accretion in value of investments	(55.26)		(96.10)	
	Provision for employee benefits	44.81		43.83	
	Loss / (gain) on sale of investments	(58.09)	<b>1,691.60</b>	(44.30)	<b>1,885.25</b>
	<b>Operating profit before working capital changes</b>		<b>1,958.52</b>		<b>3,142.21</b>
	<b>Changes in working capital</b>				
	Adjustments for increase / (decrease) in				
	Trade and other receivables	(384.82)		(470.12)	
	Inventories	1,629.48		(2,767.67)	
	Bank balances other than cash and cash equivalents	87.07		32.97	
	Other Assets	173.93		451.71	
	Other Financial Assets	(56.79)		237.13	
	Trade Payable	2,129.78		2,133.60	
	Other Liabilities	(1,383.71)		225.23	
	Other Financial Liabilities	(213.92)	<b>1,981.04</b>	(311.62)	<b>(468.78)</b>
	<b>Cash generated from operations</b>		<b>3,939.56</b>		<b>2,673.42</b>
	Less :Direct taxes paid net of refund		272.02		214.51
	<b>Net cash generated from operating activities</b>		<b>3,667.54</b>		<b>2,458.91</b>
<b>B.</b>	<b>Cash flow from investing activities</b>				
	Purchase of fixed assets including capital advances		(137.44)		(1,133.84)
	Proceeds from sale of fixed assets		67.90		4.99
	(Purchase) / Sale of investments		(102.62)		(80.68)
	Investment income		58.09		44.30
	Interest received		85.33		111.90
	Dividend received		30.40		30.39
	<b>Net cash used in investing activities</b>		<b>1.66</b>		<b>(1,022.94)</b>
<b>C.</b>	<b>Cash flow from Financing activities</b>				
	Redemption of Preference Share Capital		-		(87.50)
	Proceeds from short term borrowings		775.03		1,366.96
	Repayment of Long Term loan Borrowings		(3,320.64)		(3,379.45)
	Finance Cost		(513.88)		(686.70)
	Dividend paid		(414.44)		-
	Dividend Distribution tax paid		(84.37)		-
	<b>Net cash used in financing activities</b>		<b>(3,558.30)</b>		<b>(2,786.69)</b>
	<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>110.90</b>		<b>(1,350.72)</b>
	Reconciliation				
	Cash and cash equivalents as at beginning of the year		132.07		1,482.79
	Cash and cash equivalents as at end of the year		242.97		132.07
	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(110.90)</b>		<b>1,350.72</b>

The accompanying notes are an integral part of these financial Statements

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.Gopalakrishnan**  
 Director

**S. Sriram**  
 Partner  
 Membership No. 205496  
 Place : Chennai  
 Date : May 28, 2018

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note - 1

#### CORPORATE OVERVIEW

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

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.

The financial statements for the year ended 31<sup>st</sup> March, 2018 was approved for issue by the Board of Directors of the Company on 28<sup>th</sup> May, 2018 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2017, the company prepared its financial statements in accordance with the requirements of previous GAAP which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 1.30 for the details of first-time adoption exemptions availed by the Company.

##### 1.11 BASIS OF PREPARATION AND PRESENTATION

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, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, 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 principal accounting policies are set out below.

##### 1.12 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. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017 Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. Accordingly, the figures for the year is not strictly relatable to previous year

**(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**

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

**1.13 LEASES**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to the transition date, i.e. 1<sup>st</sup> April, 2016, the Company has determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**COMPANY AS LESSOR**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognized in the Statement of Profit and Loss as per the terms of the lease.

Rental income from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

**1.14 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. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for :

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.



### 1.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use 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.

### 1.16 GOVERNMENT GRANTS

Subsequent to transition to Ind AS Government grants are recognized at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

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.

In respect of government loans at below-market rate of interest existing on the date of transition, the Company has availed the optional exemption under Ind AS 101 - First Time Adoption and has not recognized the corresponding benefit of the government loan at below-market interest rate as Government grant.

### 1.17 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 (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognized in the Statement of Profit and Loss each year.



The Company makes contributions to Provident Fund Trusts for certain employees, at a specified percentage of the employees' salary. The Company has an obligation to make good the shortfall, if any, between the return from the investments of trust and the notified interest rates

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 Nippon 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.

### 1.18 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.

### 1.19 TAXATION

Income tax expense represents the sum of the tax currently payable 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 liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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. Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognized as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**(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.

**1.20 PROPERTY, PLANT AND EQUIPMENT**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

All Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an asset includes the purchase cost of materials, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

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.

**1.21 INVESTMENT PROPERTY**

For transition to Ind AS, the Group has elected to continue with the carrying value of its investment property recognized as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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.

## 1.22 INTANGIBLE ASSETS

### Intangible assets acquired separately

For transition to Ind AS, the Group has elected to continue with the carrying value of its intangible assets recognized as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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, 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.

## 1.23 Impairment of Tangible & Intangible Assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

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

## 1.24 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.

#### 1.25 PROVISIONS, CONTINGENT LIABILITIES / ASSETS

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.

A contingent liability is not recognized in the financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognized in the financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

#### 1.26 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.

#### 1.27 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.

For the impairment policy on financial assets measured at amortized cost, refer Note 1.26(e)

Investment in subsidiaries and associates are accounted under cost basis.

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 equity investments which 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 41.3.

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.

**(g) Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**1.28 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS**

**(a) Classification as debt or equity**

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

**(b) Equity instruments**

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**(c) 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.

**1. 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. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Fair value is determined in the manner described in note 41.3.

**2. 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.

**3. Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.



#### 4. 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.

#### 1.29 CASH FLOW STATEMENT

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

#### 1.30 FIRST-TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

##### (a) Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

##### (b) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

##### (c) Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

##### (d) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

##### (e) Deemed cost for property, plant and equipment and investment property

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

##### (f) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

##### (g) Equity investments at FVTPL

The Company has designated investment in equity shares other than subsidiaries, associate and joint ventures as at FVTPL on the basis of facts and circumstances that existed at the transition date.

##### (h) Government loan

The Company has elected the option to carry the below market interest rate government loans on transition date at their carrying value measured as per the previous GAAP.



### 1.31 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 41.3

#### (b) Useful life of Property Plant & Equipment, Investment Properties & Other Intangible Assets

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

### 1.32 CONTINGENCIES

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

### 1.33 DEFERRED TAX ASSETS

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profits will be available against which deferred tax assets can be utilized. The company reviews at each balance sheet the carrying amount of deferred tax asset.

### 1.34 DEFINED BENEFIT PLAN

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 1.35 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 2

## PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Freehold land	363.23	357.74	354.67
Building	2,263.52	2,402.74	2,609.05
Plant and Equipment	14,800.05	15,945.09	16,191.11
Furniture and Fixtures	35.71	41.25	48.55
Vehicles	234.83	243.62	152.71
Total	17,697.35	18,990.44	19,356.09
Capital work-in-progress	-	37.99	1.01
	17,697.35	19,028.43	19,357.10

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Cost or Deemed cost</b>						
Balance at April 01, 2016	354.67	2,609.05	16,191.11	48.55	152.71	19,356.09
Additions	3.07	43.10	909.04	2.90	138.75	1,096.86
Disposals	-	-	-	-	33.94	33.94
<b>Balance at March 31, 2017</b>	<b>357.74</b>	<b>2,652.15</b>	<b>17,100.15</b>	<b>51.45</b>	<b>257.53</b>	<b>20,419.02</b>
Additions	5.49	8.25	83.81	0.37	46.39	144.31
Disposals	-	-	151.38	-	29.42	180.80
<b>Balance at March 31, 2018</b>	<b>363.23</b>	<b>2,660.40</b>	<b>17,032.58</b>	<b>51.82</b>	<b>274.49</b>	<b>20,382.53</b>

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Accumulated depreciation and impairment</b>						
Balance at 01 April, 2016	-	-	-	-	-	-
Disposals	-	-	-	-	31.93	31.93
Depreciation expenses	-	249.41	1,155.06	10.20	45.84	1,460.51
<b>Balance at 31 March, 2017</b>	<b>-</b>	<b>249.41</b>	<b>1,155.06</b>	<b>10.20</b>	<b>13.91</b>	<b>1,428.58</b>
Disposals	-	-	97.28	-	26.01	123.29
Depreciation expenses	-	147.46	1,174.75	5.91	51.77	1,379.89
<b>Balance at 31 March, 2018</b>	<b>-</b>	<b>396.87</b>	<b>2,232.53</b>	<b>16.11</b>	<b>39.67</b>	<b>2,685.18</b>
Carrying amount as on April 01, 2016	354.67	2,609.05	16,191.11	48.55	152.71	19,356.09
Carrying amount as on March 31, 2017	357.74	2,402.74	15,945.09	41.25	243.62	18,990.44
Carrying amount as on March 31, 2018	363.23	2,263.52	14,800.05	35.71	234.83	17,697.35

Details of assets offered as security is provided in Note 16

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

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Investment property	118.42	120.79	123.16
<b>Total</b>	<b>118.42</b>	<b>120.79</b>	<b>123.16</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<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, 2018	As at March 31, 2017
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	40.46	38.09
Depreciation expenses	2.37	2.37
<b>Balance at end of the year</b>	<b>42.83</b>	<b>40.46</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, 2018 and March 31, 2017.

Particulars	As at March 31, 2018	As at March 31, 2017
Land and Building in Tamilnadu	1,855.21	1,800.64
Land and Building other than Tamilnadu	517.56	502.34

The fair value of the Company's investment properties as at March 31, 2018, March 31, 2017 have been arrived at on the basis of a valuation carried out by Mr.Khatib Ahmed, independent valuers not related to the Company. Mr.Khatib Ahmed is registered with the authority which governs the valuers in India, and he has appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. Fair value was derived using the market comparable approach based on recent market/government guideline prices without any significant adjustments being made to the market observable data.

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

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Software and licenses	29.47	1.70	1.70
<b>Total</b>	<b>29.47</b>	<b>1.70</b>	<b>1.70</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cost or Deemed cost</b>		
Balance at the beginning of the year	33.98	33.98
Additions	31.12	-
<b>Balance at end of the year</b>	<b>65.10</b>	<b>33.98</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	32.28	32.28
Depreciation expenses	3.35	-
<b>Balance at end of the year</b>	<b>35.63</b>	<b>32.28</b>
<b>Carrying amount at the end of year</b>	<b>29.47</b>	<b>1.70</b>

## Note - 5

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>I. Quoted Investments</b>			
<i>a) Investments in Equity Instruments at cost</i>			
1,20,19,000 (2017 - 1,20,19,000; 2016 - 1,20,19,000) shares of ₹.10 each fully paid up in Kothari Petrochemicals Limited (Associate Company)	1,201.90	23.30	23.30
<b>Total Aggregate Quoted Investments</b>	<b>1,201.90</b>	<b>23.30</b>	<b>23.30</b>
During the current year ended 31 <sup>st</sup> March 2018 the investment restated at cost by reversing the diminution in value of investments of ₹.1178.60 lakhs			
Aggregate book value of quoted investments	1,201.90	23.30	23.30
Aggregate market value of quoted investments	2,656.20	2,704.28	2,193.47
<b>II. Un-quoted Investments</b>			
<i>a) Investments in Equity Instruments at cost</i>			
Kothari International Trading Limited (Wholly Owned Subsidiary ₹.10/- each) 9,99,950 (2017 - 9,99,950; 2016 - 9,99,950)	99.99	99.99	99.99
Less: Diminution in value of investments	99.99	99.99	99.99
<b>Total aggregate of un-quoted Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
<b>Total Non-Current Investments</b>	<b>1,201.90</b>	<b>23.30</b>	<b>23.30</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Note - 6 OTHER INVESTMENTS					₹. in Lakh	
Particulars	No. Shares	As at March 31, 2018	No. Shares	As at March 31, 2017	No. Shares	As at April 01, 2016
<b>I. Quoted Investments</b>						
<b>a) Investments in Equity Instruments at FVTPL</b>						
BHARAT HEAVY ELECTRICALS LIMITED (₹. 2 EACH)	3,750	3.05	2,500	4.07	2,500	2.85
BGR ENERGY SYSTEMS LIMITED (₹. 10 EACH)	290	0.30	290	0.40	290	0.31
HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	4,600	1.02	4,600	1.82	4,600	0.90
IDFC Ltd. (₹. 10 EACH)	1,000	0.49	1,000	0.55	1,000	0.40
INDIAN HOTELS (Re. 1 EACH)	-	-	-	-	1,000	0.99
RELANCE COMMUNICATIONS LIMITED (₹. 5 EACH)	5,000	1.09	5,000	1.92	5,000	2.50
RELANCE INDUSTRIES LTD (₹. 10 EACH)	-	-	-	-	2,350	24.56
RELANCE INFRASTRUCTURE LIMITED (₹. 10 EACH)	450	1.92	450	2.56	450	2.40
RELANCE POWER LTD (₹. 10 EACH)	4,375	1.58	4,375	2.10	4,375	2.16
SINTEX INDUSTRIES LIMITED (Re. 1 EACH) @ 36.38%	1,800	0.32	1,800	1.90	1,800	1.39
SINTEX PLASTIC TECHNOLOGY LIMITED (Re. 1 EACH) @ 63.62%	1,800	1.04	-	-	-	-
TATA POWER COMPANY LIMITED (Re. 1 EACH)	19,380	15.31	19,380	17.51	19,380	12.53
GUJARAT PETROSYNTHESSE LTD (₹. 10 EACH)	5,000	1.09	5,000	0.50	5,000	0.50
<b>Total</b>		<b>27.20</b>		<b>33.33</b>		<b>51.49</b>
<b>b) Other Investments in Mutual Funds / Bonds/NCD at FVTPL</b>						
SBI MAGNUM COMMA FUND	-	-	-	-	52,604	8.18
SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA - DIVIDEND	93,528	18.13	93,528	20.12	93,528	16.83
BIRLA SUN LIFE CASH PLUS	-	-	-	-	48,424	117.82
IDFC DYNAMIC BOND FUND	-	-	-	-	5,098,663	561.77
RELANCE LIQUID FUND - CASH PLAN	-	-	-	-	3,154	77.14
HDFC FMP 1107D MARCH 2016(I) - SERIES 36 - DIRECT - GROWTH	2,000,000	235.38	2,000,000	219.87	2,000,000	200.36
RELANCE FIXED HORIZON FUND XXX - SERIES 17 - DIRECT - GROWTH	1,300,000	152.89	1,300,000	142.68	1,300,000	130.00
RELANCE FIXED HORIZON FUND XXX - SERIES 19 - DIRECT - GROWTH	2,000,000	232.79	2,000,000	217.60	-	-
ICICI PRUDENTIAL FMP SERIES 79 - 1105 DAYS PLAN B DIRECT CUMULATIVE	1,000,000	115.93	1,000,000	108.04	-	-
HDFC FMP 1113D JUNE 2016(I) - SERIES 36 - DIRECT - GROWTH	1,000,000	115.43	1,000,000	107.87	-	-
HDFC FMP 1199D JAN 2017(I) - DIRECT - GROWTH	268,914	29.40	268,914	27.17	-	-
IDFC CORPORATE BOND FUND - DIRECT - GROWTH	1,930,875	231.13	1,930,875	216.56	-	-
IDFC ULTRA SHORT TERM FUND	-	-	2,009,327	211.80	-	-
IDFC CREDIT OPPORTUNITIES FUND - DIRECT - GROWTH	350,000	37.96	350,000	35.32	-	-
TATA MOTORS FINANCE LIMITED	30	300.00	30	300.00	30	300.00
IFCI LIMITED	10,000	100.00	10,000	100.00	10,000	100.00
NABARD	1,500	192.87	1,500	192.87	1,500	192.87
IDFC YEARLY SERIES INTERVAL FUND (SERIES II) - DIRECT - GROWTH	66,259	10.10	-	-	-	-
IDFC CASH FUND - DIRECT - GROWTH	11,763	248.22	-	-	-	-
PRAMERICA ULTRA SHORT TERM FUND - DIRECT - GROWTH	119,153	25.42	-	-	-	-
PRAMERICA LOW DURATION FUND - DIRECT - GROWTH	20,804	5.08	-	-	-	-
INVESCO INDIA MEDIUM TERM BOND FUND - DIRECT - GROWTH	724	13.18	-	-	-	-
<b>Total</b>		<b>2,063.92</b>		<b>1,899.91</b>		<b>1,704.98</b>
<b>Total Quoted Investments</b>		<b>2,091.12</b>		<b>1,933.24</b>		<b>1,756.46</b>
<b>I. Un-quoted Investments</b>						
<b>a) Investments in Equity Instruments at FVTOCI</b>						
BIO- TECH CONSORTIUM LTD (₹. 10 EACH)	50,000	5.00	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	2,086	0.20
Kothari Biotech Limited (₹. 10/- each)	20	0.003	20	0.003	20	0.003
<b>b) Govt Securities</b>						
Indira Vikas Patra	-	0.05	-	0.05	-	0.05
<b>Total Un-quoted Investments</b>		<b>5.25</b>		<b>5.25</b>		<b>5.25</b>
<b>Total other Investments</b>						
<b>Current</b>		<b>2,096.37</b>		<b>1,938.49</b>		<b>1,761.72</b>

## Note - 7

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE RECEIVABLES

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Trade Receivables</b>			
Secured, Considered good			
Unsecured, Considered good	1,783.36	1,398.54	928.42
Doubtful	-	-	-
Allowance for doubtful debts	-	-	-
	<b>1,783.36</b>	<b>1,398.54</b>	<b>928.42</b>
<b>Current</b>	1,783.36	1,398.54	928.42
<b>Non-current</b>	-	-	-

The credit period on sale of goods ranges from 0 to 120 days. No interest is charged on trade receivables.

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

## TRADE RECEIVABLES ARE FURTHER ANALYSED AS FOLLOWS

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within Credit period	1,131.77	680.30	528.41
31-60 days past due	508.51	508.38	275.67
61-90 days past due	53.23	129.12	40.65
More than 90 days	89.85	80.74	83.69
<b>Total</b>	<b>1,783.36</b>	<b>1,398.54</b>	<b>928.42</b>

## Note - 8

## OTHER FINANCIAL ASSETS

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>At Amortised Cost</b>						
a) Security Deposit	122.74	121.64	168.13	19.15	34.39	217.33
b) Interest receivable	119.60	100.67	83.22	-	5.73	0.19
c) Dividend from Associate / Subsidiary	-	-	-	-	-	-
d) Advance recoverable in cash	-	-	-	-	-	-
(i) Unsecured and Considered good	-	0.32	0.88	171.71	111.51	141.58
(ii) Considered doubtful	-	13.37	23.37	-	-	-
Less: Provision for Doubtful advances	-	(11.22)	(21.22)	-	-	-
e) Other receivable	-	-	-	-	-	-
<b>Total</b>	<b>242.34</b>	<b>224.78</b>	<b>254.38</b>	<b>190.86</b>	<b>151.63</b>	<b>359.11</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 9**
**OTHER ASSETS**

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Security Deposit	-	-	-	-	-	-
b) Capital Advances	-	-	-	-	-	1.77
c) Balnace with Customs and Central excise / GST authorities	-	-	-	-	237.44	245.54
d) Advance receoverable in kind or for value to be received	-	-	-	-	-	-
(i) Unsecured and Considered good	1.44	1.44	1.44	406.81	233.98	229.94
(ii) Considered doubtful	-	-	-	-	-	-
Less: Provision for Doubtful advances	-	-	-	-	-	-
<b>Total</b>	<b>1.44</b>	<b>1.44</b>	<b>1.44</b>	<b>406.81</b>	<b>471.42</b>	<b>477.25</b>

**Note - 10**
**INVENTORIES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Raw Materials	239.07	144.64	146.13
b) Work-in-Process	227.17	291.71	411.00
c) Finished goods	11,585.69	13,270.67	10,391.21
d) Stores and spares	703.21	677.60	668.60
<b>Total</b>	<b>12,755.13</b>	<b>14,384.61</b>	<b>11,616.94</b>

The cost of inventories recognised as an expense during the year was ₹.19,912.11 Lakh (March 31, 2017 ₹. 24,912.94 Lakh)

Finished goods includes inventories worth ₹.10,273 lakh (2016-17 ₹.Nil) carried at fair value less cost to sell. The mode valuation of inventories has be stated in note 1.23

**Note - 11**
**CASH AND CASH EQUIVALENTS**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Balances with Bank			
(i) In Current account	225.24	119.09	385.47
(ii) In Deposit account	11.33	10.93	1095.62
b) Cash on hand	6.41	2.05	1.70
<b>Total</b>	<b>242.97</b>	<b>132.07</b>	<b>1482.79</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 12

## OTHER BANK BALANCES

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>a) Balances with banks in earmarked accounts</b>			
(i) In unpaid Dividend account	9.79	4.42	4.43
(ii) In cane development / SEFAUS No-lien account	0.90	0.90	0.90
(iii) In margin money accounts for Bank Guarantee issued	43.59	136.03	168.98
<b>Total</b>	<b>54.28</b>	<b>141.35</b>	<b>174.31</b>

## Note - 13

## CURRENT TAX ASSET AND LIABILITIES

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Tax refund receivable (net)	176.67	22.42	253.79
<b>Total</b>	<b>176.67</b>	<b>22.42</b>	<b>253.79</b>

## Note - 14

## EQUITY SHARE CAPITAL

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>AUTHORISED</b>			
Equity Shares :			
13,00,00,000 Equity shares of ₹. 10 each (2017 - 13,00,00,000 ; 2016 - 13,00,00,000)	13,000.00	13,000.00	13,000.00
12,00,000 Redeemable Preference shares of ₹. 100 each (2017 - 12,00,000 ; 2016 - 12,00,000)	1,200.00	1,200.00	1,200.00
20,00,000 Redeemable Preference shares of ₹. 10 each (2017 - 20,00,000 ; 2016 - 20,00,000)	200.00	200.00	200.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>			
8,28,88,580 Equity Shares of ₹. 10/- each (2017 - 8,28,88,580 ; 2016 - 8,28,88,580)	8,288.86	8,288.86	8,288.86
<b>Total</b>	<b>8,288.86</b>	<b>8,288.86</b>	<b>8,288.86</b>

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

Reconcilaition	2017-18		2016-17		2015-16	
	No.of shares	₹. Lakh	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	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	8,28,88,580	8,288.86
<b>b) Redeemable Preference Share Capital (Face value of ₹. 100 each)</b>						
At the beginning of the period	-	-	12,00,000	75.00	12,00,000	300.00
At the end of the period	-	-	-	-	12,00,000	75.00
<b>c) Redeemable Preference Share Capital (Face value of ₹. 10 each)</b>						
At the beginning of the period	-	-	20,00,000	12.50	20,00,000	50.00
At the end of the period	-	-	-	-	20,00,000	12.50

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

Reconcilaition	No. of shares held as at					
	March 31, 2018		March 31, 2017		April 01, 2016	
	Nos.	%	Nos.	%	Nos.	%
Parvathi Trading and Finance Co Pvt.Ltd (Holding Company)	5,81,86,610	70.20	5,81,86,610	70.20	5,81,86,610	70.20

**14.3 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. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

The Company has not issued any equity shares under ESOP (Employee Stock Option).

**Note - 15**
**OTHER EQUITY**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Capital Redemption Reserve</b>	1,400.00	1,400.00	1,312.50
Debenture Redemption Reserve	750.00	750.00	750.00
General Reserve	1,178.60	-	-
Interes effects on Interest free loans	-	-	796.56
Investments in equity / MF through FVTPL	-	-	1.91
Revenue arising from Interest free rental deposit	-	-	1.01
Effective interest rate	-	-	5.15
Deferred tax adjustment	-	-	0.34
Actuarial movement through other comprehensive income (net of tax)	(2.13)	0.23	-
Retained earnings (surplus in profit or loss account)	2,321.67	2,772.47	1,435.96
<b>Total</b>	<b>5,648.14</b>	<b>4,922.70</b>	<b>4,303.43</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>a) Capital Redemption Reserve</b>		
Opening balance	1,400.00	1,312.50
Add: Appropriation from Profit or Loss account	-	87.50
<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 will not be reclassified subsequently to profit or loss.

<b>b) Debenture Redemption Reserve</b>		
Opening balance	750.00	750.00
Add: Appropriation from Profit or Loss account	-	-
<b>Closing Balance</b>	<b>750.00</b>	<b>750.00</b>
<b>c) General Reserve</b>		
Opening balance	-	-
Add: Restatement equity instrument at cost (Kothari Petrochemicals Ltd)	1,178.60	-
<b>Closing Balance</b>	<b>1,178.60</b>	<b>-</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	0.23	-
Additions/(Deletions)	(2.36)	0.23
<b>Closing Balance</b>	<b>(2.13)</b>	<b>0.23</b>
<b>e) Retained Earnings</b>		
Opening balance	2,772.47	2,240.93
<b>Less: Transfer to Capital Redemption Reserve</b>	<b>-</b>	<b>87.50</b>
<b>Less: Dividend on Equity Shares</b>	<b>498.81</b>	
<b>Profit /(Loss) for the year</b>	<b>48.01</b>	<b>1,048.39</b>
<b>Deferred tax adjustment</b>	<b>-</b>	<b>(429.35)</b>
<b>Closing Balance</b>	<b>2,321.67</b>	<b>2,772.47</b>
The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements 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>5,648.14</b>	<b>4,922.70</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 16**
**NON-CURRENT BORROWINGS**

₹. in Lakh

Particulars	Non-Current Portion			Current Maturities		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Unsecured - at amortised cost</b>						
i) Term Loans from others	255.46	235.97	217.97	-	-	-
ii) Liability component of Term Loan	246.11	268.01	289.91	-	-	-
<b>Sub-total</b>	<b>501.57</b>	<b>503.98</b>	<b>507.87</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>						
i) Bonds / Debentures (Holding Company)	581.35	539.52	502.01	-	-	-
ii) Liability component of Bonds/ Debentures	578.11	629.55	680.99			
iii) Bonds / Debentures (others)	170.59	155.15	141.13			
iv) Liability component of Bonds/ Debentures	218.09	237.49	256.90			
v) Term Loans from Banks	403.98	1,513.94	3,361.80	1,037.06	2,118.90	2,616.50
vi) Term Loans from Sugar Development Fund (Govt.of India)	579.82	1,273.72	2,378.67	693.89	1,104.96	1,000.34
vii) Term Loans from others	225.32	202.39	182.03	-		-
viii) Liability component of Term Loan	346.26	377.07	407.88			
<b>Sub-total</b>	<b>3,103.52</b>	<b>4,928.83</b>	<b>7,911.41</b>	<b>1,730.95</b>	<b>3,223.86</b>	<b>3,616.84</b>
<b>Grand Total</b>	<b>3,605.09</b>	<b>5,432.81</b>	<b>8,419.28</b>	<b>1,730.95</b>	<b>3,223.86</b>	<b>3,616.84</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 16 (cont)

## SUMMARY OF BORROWING ARRANGEMENTS

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	Rate of interest %	Amount of each installment	Security	Terms of repayment
Zero Coupon Bonds (₹.100 each Redeemable at par) Holding Company	1,034.44	1,043.52	1,056.60	-	1,383.44	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.	Redeemable in June 2029. Repayable in one instalment
Debentures (₹. 100 each) - Holding Company	125.02	125.55	126.40		150.00	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.	Redeemable in June 2029. Repayable in one instalment
Term Loan - Holding Company)	571.58	579.46	589.91	-	821.20	Hypothecation of Movable properties including plant and machinery, inventories situated at Kattur unit, Tamil Nadu.	Repayable in June 2029 in one instalment
Zero Coupon Bonds (₹. 100 each Redeemable at par)-others	388.68	392.65	398.03	-	497.58	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.	Redeemable in June 2029. Repayable in one instalment
Term Loan - others	501.57	503.98	507.87	-	623.15	Unsecured	Repayable in June 2029 in one instalment
Indian Bank (Sathamangalam Modernisation)	602.79	810.87	1,019.09	10.95	17.86	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit. .	Repayable in 84 monthly instalments
Indian Bank (Cane harvester)	0.00	30.19	61.00	10.70	2.63	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repaid
Indian Bank (SEFASU,2014)	780.74	1,793.01	2,723.94	-	78.22	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repayment in 5 years with 2 year moratorium and 36 equal monthly instalments
Indian Bank - Soft Loan 2015	0.00	900.90	2,174.27	1.70	179.00	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repaid

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

<b>Sugar Development Fund Loans</b>							
<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at April 01, 2016</b>	<b>Rate of interest %</b>	<b>Amount of each installment</b>	<b>Security</b>	<b>Terms of repayment</b>
Kattur Plant Modernisation and Expansion of Sugar unit	513.24	769.86	1,026.48	4.00	256.62	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.	Annual repayment in 5 equal annual installments starting from September 2015 to September 2019
Kattur Plant Modernisation and Expansion of Sugar unit	256.62	513.24	769.86	4.00	256.62	Exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu.	Annual repayment in 5 equal annual installments starting from December 2014 to December 2018
Kattur Plant Modernisation Sugar unit	-	344.05	688.09	4.00	172.02	Exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur Unit, Tamil Nadu.	Repaid
Kattur unit Cane development	-	29.20	58.40	4.00	29.20	Bank Guarantee	Repaid
Sathamangalam unit Cane development (Tranche I)	-	68.20	136.40	4.00	68.20	Bank Guarantee	Repaid
Sathamangalam unit Cane development (Tranche II)	68.48	114.13	159.78	6.75	22.83	Bank Guarantee.	Repayment 8 half yearly installments starting from February 2016 to February 2019
Sathamangalam unit Cane development (Tranche I)	222.75	297.00	297.00	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.	Repayment 8 half yearly installments starting from June 2017 to December 2020
Sathamangalam unit Cane development (Tranche II)	212.63	243.00	243.00	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.	Repayment 8 half yearly installments starting from January 2018 to July 2021.
HDFC Bank (Vehicle loan)	57.50	97.87	-	8.71	3.40	Secured by hypothecation of vehicle purchased	Repayable in 3 years with monthly instalments
<b>Total</b>	<b>5,336.04</b>	<b>8,656.68</b>	<b>12,036.12</b>				

**Note - 17**
**SHORT TERM BORROWINGS**
**₹. in Lakh**

<b>Particulars</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at April 01, 2016</b>
<b>Secured - at amortised cost</b>			
Loan repayable on demand (refer note a below)	<b>6,673.78</b>	<b>5,898.75</b>	<b>4,531.79</b>

a) Working capital facilities in the form of open cash credit from Indian bank is secured by exclusive first charge on land, buildings and Plant and equipments and all the movable properties (present and future) of Sathamangalam sugar and Co-generation Unit and hypothecation of Finished Goods / Work-in-process/stores and spares and book debts. Interest rate at MCLR plus 0.75% i.e. 9.10% p.a.



## Note - 18

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE PAYABLES

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade payables	7,433.34	5,219.26	3,131.57
Employee related	116.33	200.62	154.71
<b>Total</b>	<b>7,549.66</b>	<b>5,419.88</b>	<b>3,286.27</b>

Trade payables are non-interest bearing and are normally settled within 30-60 days.

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

## Note - 19

## OTHER FINANCIAL LIABILITIES

₹. in Lakh

Particulars	Current			Non-Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>At Amortised Cost</b>						
a) Current maturities of long-term debt	1,730.95	3,223.86	3,616.84	-	-	-
b) Interest accrued but not due on borrowings	271.12	255.69	207.59	-	246.52	586.53
c) Unclaimed dividends (refer note 19.1 & 19.2)	9.79	4.42	4.43	-	-	-
d) Redeemable Preference Shares	-	-	87.50	-	-	-
e) Deferred Liability on Interest free loans	-	-	-	-	-	-
- Advances and Deposits repayable in cash	22.72	20.83	19.09	-	-	-
- Other Miscellaneous liabilities	20.79	10.89	32.32	-	-	-
<b>Total</b>	<b>2,055.37</b>	<b>3,515.69</b>	<b>3,967.77</b>	<b>-</b>	<b>246.52</b>	<b>586.53</b>

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

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

## Note - 20

## OTHER LIABILITIES

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Excise duty on un-despatched stock	-	-	-	-	881.09	661.01
b) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc)	-	0.70	0.70	55.89	282.24	219.15
c) Advances and Deposits from Customers / others	-	-	-	60.19	257.26	71.75
d) Deferred revenue arising from Interest free deposit	1.66	3.24	4.82	-	-	-
e) Gratuity payable	-	49.41	16.15	36.00	6.86	4.59
<b>Total</b>	<b>1.66</b>	<b>53.35</b>	<b>21.66</b>	<b>152.08</b>	<b>1,427.46</b>	<b>956.49</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 21**
**PROVISIONS**

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Compensated absences (Earned Leave)	-	-	-	44.81	43.83	42.38
b) Related to expenses	-	-	-	143.72	93.65	67.71
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188.53</b>	<b>137.48</b>	<b>110.10</b>

**Note - 22**
**REVENUE FROM OPERATIONS**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Sale of Products (Including Excise Duty)</b>		
Sugar	20,819.62	22,984.20
Industrial Alcohol	5,346.36	7,593.67
Electric Power	1,118.73	1,570.32
Bagasse	1,296.84	371.91
Others (Biocompost, CO <sub>2</sub> , cane inputs etc.)	217.59	238.26
	<b>28,799.14</b>	<b>32,758.37</b>
<b>(b) Other operating revenues</b>		
Technical service fee	182.78	133.80
Scrap sales	18.65	45.61
<b>Total</b>	<b>29,000.57</b>	<b>32,937.78</b>

**Note - 23**
**OTHER INCOME**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Interest income</b>		
On bank deposits and others	85.33	111.90
<b>(b) Dividend Income</b>		
From equity investments designated As at FVTPL	30.40	30.39
<b>(c) Other gains or losses</b>		
Profit on sale of Fixed Assets (net)	10.38	2.99
Net gain arising on financial assets designated as at FVTPL	113.35	138.50
Net gain on foreign currency transaction	6.00	-
<b>(d) Other non-operating income</b>		
Operating lease rental from Investment property	41.88	38.06
Insurance claims received	13.99	14.60
Liability no longer required written back	18.04	22.83
Interest income others	128.62	128.62
Other Miscellaneous income	77.14	31.55
<b>Total</b>	<b>525.12</b>	<b>519.42</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 24

## COST OF MATERIAL CONSUMED

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sugarcane	15,867.04	21,438.09
Coal	655.58	2.21
Others (Molasses, Bagasse etc.)	1,259.94	2,806.59
Chemical and Others	275.71	365.15
Raw Sugar	1,543.71	-
Packing	310.14	300.91
<b>Total</b>	<b>19,912.11</b>	<b>24,912.94</b>

## Note - 25

## COST OF MATERIAL CONSUMED

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening Stock :</b>		
<b>Finished goods</b>		
Sugar	12,354.78	9,414.25
Molasses	592.79	662.74
Industrial Alcohol	323.10	314.22
<b>Work in progress</b>		
Sugar	283.85	399.08
Molasses	7.86	11.91
	<b>13,562.38</b>	<b>10,802.20</b>
<b>Closing Stock :</b>		
<b>Finished goods</b>		
Sugar	11,006.40	12,354.78
Molasses	300.43	592.79
Industrial Alcohol	1,159.95	323.10
<b>Work in progress</b>		
Sugar	220.53	283.85
Molasses	6.65	7.86
	<b>12,693.95</b>	<b>13,562.38</b>
Decrease / (Increase) in stocks	868.43	(2,760.18)
Excise duty adjustment for movement in Finished goods inventory	-	220.08
<b>Net change (Increase) / Decrease</b>	<b>868.43</b>	<b>(2,540.09)</b>

## Note - 26

## EMPLOYEE BENEFIT EXPENSE

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, Wages and Bonus	1,542.94	1,492.90
(b) Contribution to Provident and other Funds	163.31	187.64
(a) Workmen and Staff welfare expenses	130.51	95.57
<b>Total</b>	<b>1,836.76</b>	<b>1,776.11</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 27**
**FINANCE COST**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) Interest costs		
(a) Bank Loans and others	624.45	787.96
(ii) Other borrowing costs	25.27	23.26
<b>Total</b>	<b>649.72</b>	<b>811.22</b>

**Note - 28**
**DEPRECIATION AND AMORTISATION EXPENSE**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation/amortisation on		
a) Property, Plant and Equipment	1,379.89	1,460.51
b) Investment property	2.37	2.37
c) Intangible assets	3.35	-
<b>Total</b>	<b>1,385.61</b>	<b>1,462.88</b>

**Note - 29**
**OTHER EXPENSES**

₹. in Lakh

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
a) Consumption of stores and spare parts		613.60		802.92
b) Power and Fuel		531.61		712.82
c) Rent		35.16		27.80
d) Repairs-Buildings	116.85		52.74	
e) Repairs-Machinery	388.84		560.34	
f) Repairs-Others	140.64	646.33	95.93	709.01
g) Biocompost		55.04		83.79
h) Insurance		87.54		88.09
i) Rates and Taxes		141.33		169.11
j) Excise duty expunged		62.66		475.25
k) Freight & Clearing Expenses		456.85		296.72
l) Directors Sitting fees		6.70		5.05
m) Auditor's Remuneration		5.50		5.50
n) Travelling Expenses		123.82		71.93
o) Conveyance		3.52		3.04
p) Professional Fees		69.18		65.35
q) Commission		27.98		30.22
r) CSR expenditure		6.26		2.09
s) Administration Expenses		386.90		319.58
t) Bad Debts		8.40		-
u) Miscellaneous Expenses		12.05		24.12
<b>Total</b>		<b>3,280.42</b>		<b>3,892.39</b>

**Note - 30****NOTES FORMING PART OF FINANCIAL STATEMENTS****EXCEPTIONAL ITEMS**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Exceptional items of (Debit)</b>		
Electricity matters	-	1,199.64
Cane related matters	1,017.78	-
<b>Exceptional items of (Credit)</b>		
Tariff revision (EB related)	-	577.29
<b>Exceptional items (Net)</b>	<b>1,017.78</b>	<b>622.35</b>

**Note - 31****PAYMENT TO AUDITORS**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Audit Fees - Statutory	4.00	4.00
b) Audit Fees - Limited audit review	1.50	1.50
c) Fees for other services (included in the professional fee)	0.60	0.40
<b>Total</b>	<b>6.10</b>	<b>5.90</b>

**Note - 32****DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Direct operating expenses arising from investment property that generated rental income during the year	5.23	5.71
Direct operating expenses arising from investment property that did not generate rental income during the year	0.85	1.01
<b>Total</b>	<b>6.08</b>	<b>6.72</b>

**Note - 33****DIRECTOR'S REMUNERATION**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Consultancy services	5.00	-
b) Directors' sitting Fees	6.70	5.05
<b>Total</b>	<b>11.70</b>	<b>5.05</b>

**Note - 34****OPERATING LEASE ARRANGEMENTS (Company as Lessor)**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental income	41.88	36.48
<b>Total</b>	<b>41.88</b>	<b>36.48</b>

**Note - 35****DEFERRED TAX BALANCES**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	As at April 01, 2016
Deferred tax assets	628.23	770.41	1,129.73
Deferred tax liabilities	(3,462.43)	(3,467.88)	(3,472.96)
<b>Total</b>	<b>(2,834.20)</b>	<b>(2,697.47)</b>	<b>(2,343.23)</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹. in Lakh

2017-18	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	(3,467.88)	(5.45)	-	(3,462.43)
Provision compensated absences and others	50.01	(15.74)	-	65.75
Defined benefit obligation	(0.12)	-	1.25	1.13
<b>Total</b>	<b>(3,417.99)</b>	<b>(21.19)</b>	<b>1.25</b>	<b>(3,395.55)</b>
Tax losses	720.52	159.17	-	561.35
<b>Net Deferred tax Assets / (Liability)</b>	<b>(2,697.47)</b>	<b>137.98</b>	<b>1.25</b>	<b>(2,834.20)</b>
MAT credit entitlement	-	-	-	-
<b>Total</b>	<b>(2,697.47)</b>	<b>137.98</b>	<b>1.25</b>	<b>(2,834.20)</b>

2016-17	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	(3,472.96)	(5.08)	-	(3,467.88)
Provision compensated absences and others	58.93	8.92	-	50.01
Defined benefit obligation	-	-	(0.12)	(0.12)
<b>Total</b>	<b>(3,414.03)</b>	<b>3.84</b>	<b>(0.12)</b>	<b>(3,417.99)</b>
Tax losses	1,070.80	350.28	-	720.52
<b>Net Deferred tax Assets / (Liability)</b>	<b>(2,343.23)</b>	<b>354.12</b>	<b>(0.12)</b>	<b>(2,697.47)</b>
MAT credit entitlement	-	-	-	-
<b>Total</b>	<b>(2,343.23)</b>	<b>354.12</b>	<b>(0.12)</b>	<b>(2,697.47)</b>

**Note - 36**
**INCOME TAXES RELATING TO CONTINUING OPERATIONS**

₹. in Lakh

Particulars	2017-18	2016-17
<b>Current tax</b>		
for Current year	80.92	262.52
for Previous years	-	21.28
<b>Deferred tax</b>		
for Current year	137.98	(75.23)
<b>Total</b>	<b>218.90</b>	<b>208.57</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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

₹. in Lakh

Particulars	2017-18	2016-17
Profit before tax from continuing operations	266.92	1,256.96
Income tax expenses calculated at 20.3889% (2016-17 - 21.3416%)	54.42	268.26
Income exempt from tax	(6.20)	(6.49)
Expenses not deductible in determining taxable profits	32.70	0.75
<b>Total</b>	<b>80.92</b>	<b>262.52</b>

₹. in Lakh

Particulars	2017-18	2016-17
<b>Deferred tax</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Re-measurement of defined benefit obligation	1.25	(0.12)
<b>Total income tax recognised in other comprehensive income</b>	<b>1.25</b>	<b>(0.12)</b>

**Note - 37****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 are 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 amount segments are not allocated to reportable segments.

**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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 37.1 Segment Reporting

## OPERATING SEGMENTS REVENUE AND RESULTS

Particulars	OPERATING SEGMENTS									
	Sugar		Congeneration		Distillery		Elimination		Overall	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue (Sales/Income)										
External customers (net of excise duties)	20,681.16	21,933.13	2,417.32	1,952.94	5,394.49	7,615.62			28,492.97	31,501.69
Other operating revenue	199.65	173.64				41.61			199.65	173.65
Excise duties on sales	301.26	1,220.83			6.69				307.95	1,262.44
Inter-segment sales	1,850.11	2,569.58	1,484.74	2,063.58	100.19	131.82	(3,435.04)	(4,764.98)	-	-
Total	23,032.18	25,897.18	3,902.06	4,016.52	5,501.37	7,789.05	(3,435.04)	(4,764.98)	29,000.56	32,937.78
Operating Profit/ (Loss)	(1,978.96)	(278.77)	(133.25)	(339.53)	3,288.94	2,744.62			1,176.73	2,126.32
Interest income									85.33	111.90
Dividend income									30.40	30.39
Other Unallocated income / (exp)									(375.82)	(200.43)
Finance costs									(649.72)	(811.22)
Profit/(Loss) before tax	(1,978.96)	(278.77)	(133.25)	(339.53)	3,288.94	2,744.62	-	-	266.92	1,256.96
Tax Expenses										
Current tax	-	-	-	-	-	-	-	-	80.92	262.53
Previous year tax	-	-	-	-	-	-	-	-	-	21.28
Deferred tax	-	-	-	-	-	-	-	-	137.98	(75.23)
Total Tax	-	-	-	-	-	-	-	-	218.90	208.57
Net Profit after tax									48.01	1,048.39
Other information										
Segment Assets	20,477.74	23,041.02	6,903.95	6,886.32	5,459.49	5,072.66			32,841.18	35,000.00
Unallocated Corporate Assets									4,784.43	3,811.36
Total Assets	8,339.44	8,977.02	1,496.98	715.17	165.09	295.33			37,625.61	38,811.36
Segment Liabilities									10,001.51	9,987.52
Unallocated Corporate Liabilities									13,687.10	15,612.29
Total Liabilities	62.47	163.52	4.21	93.99	36.08	685.26			23,688.61	25,599.81
Capital Expenditure									102.77	942.77
Unallocated capital expenditure									72.66	154.09
Total Capital Expenditure	568.38	651.77	511.29	552.50	251.84	216.31			175.43	1,096.86
Depreciation									1,331.51	1,420.58
Unallocated Depreciation									54.10	42.30
Total Depreciation	-	-	-	-	-	-	-	-	1,385.61	1,462.88
Non cash item	-	-	-	-	-	-	-	-	-	-
Unallocated non cash item	-	-	-	-	-	-	-	-	-	-
Total Non cash item	-	-	-	-	-	-	-	-	-	-

## 37.2 Geographical Information

Particulars	Rest of the world		India		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Segment Revenue	-	-	29,000.56	32,937.78	29,000.56	32,937.78
Non-current asset \$	-	-	17,846.68	19,152.36	17,846.68	19,152.36

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 38****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 ₹.112.90 Lakh (2016-17 ₹.111.79 Lakh) for provident fund contribution and for superannuation fund contribution of ₹.7.80 lakh (2016-17 ₹.6.58 lakh) 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, 2018 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 occurance 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 Profit and loss Account.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹. in Lakh

Particulars	GRATUITY (FUNDED)	
	2017-18	2016-17
<b>Present value of obligations at the beginning of the year</b>	<b>398.96</b>	<b>326.64</b>
Current service cost	67.64	82.30
Interest Cost	32.12	26.68
Re-measurement (gains) / losses:		
- Actuarial gains and losses arising from change in financial assumption	(13.84)	17.51
- Actuarial gains and losses arising from experience adjustment	(4.37)	(13.04)
Benefits paid	(27.90)	(41.13)
<b>Present value of obligations at the end of the year</b>	<b>452.60</b>	<b>398.96</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>326.62</b>	<b>309.19</b>
Interest income	25.85	23.78
Return on plan assets	(12.68)	3.95
Contributions by the employer	85.78	30.84
Benefits paid	(27.90)	(41.13)
<b>Fair value of plan assets at the end of the year</b>	<b>397.68</b>	<b>326.62</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	452.60	398.96
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	(19.11)	(29.51)
Fair value of plan assets at end of the year	397.68	326.62
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>35.82</b>	<b>42.82</b>
<b>Components of defined benefit cost recognized in profit or loss</b>		
Current service cost	67.64	82.30
Net interest expenses	32.12	26.68
<b>Net cost in Profit or Loss</b>	<b>99.76</b>	<b>108.98</b>
<b>Components of defined benefit cost recognized in Other Comprehensive income</b>		
Re-measurement on the net defined benefit liability:		
- Actuarial gains and losses arising from change in financial assumption	(13.84)	17.51
- Actuarial gains and losses arising from experience adjustment	(4.37)	(13.04)
Return on plan assets	12.68	(3.95)
<b>Net Cost</b>	<b>(5.53)</b>	<b>0.53</b>
<b>Less: Allocation to Associate Company under common gratuity trust</b>	<b>(1.92)</b>	<b>0.18</b>
<b>Net Cost in other Comprehensive Income</b>	<b>(3.61)</b>	<b>0.35</b>

Particulars	2017-18	2016-17
<b>Assumptions</b>		
Discount rate	7.71%	7.27%
Expected rate of salary increase	6.50%	6.50%
Expected rate of attrition	2.00%	2.00%
Average age of members	40.10	39.60
Average remaining working Life	14.10	14.50
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 Lakh

Particulars	For the period ending		
	31-Mar-16	31-Mar-17	31-Mar-18
(Gain) / Loss on Plan Liabilities	(40.19)	(13.04)	(4.37)
% of Opening Plan Liabilities	-11.60%	-3.99%	-1.10%
Gain / (Loss) on Plan Assets	0.75	3.95	(12.68)
% of Opening Plan Assets	0.24%	1.28%	-3.88%

**Notes :**

- (a) Experience adjustment has been provided only to the extent of details available.
- (b) Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- (c) 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.
- (d) 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.
- (e) The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹. 35.82 lakh (as on 31 March, 2017 ₹.56.27 lakh).

**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 Lakh

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Discount rate			
- 0.50% increase	(16.61)	(15.48)	(12.80)
- 0.50% decrease	17.70	16.36	13.69
Salary growth rate			
- 0.50% increase	17.70	16.36	13.69
- 0.50% decrease	(16.61)	(15.48)	(12.80)
Attrition rate			
- 0.50% increase	2.26	1.48	1.31
- 0.50% decrease	(-2.44)	(1.64)	(1.40)

**NOTE 39****EARNINGS PER SHARE**

Particulars	2017-18	2016-17
Basic Earnings per share (₹.)	0.06	1.26
Diluted Earnings per share (₹.)	0.06	1.26

**39.1 Basic Earnings per share**

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

Profit after Taxation (₹. In Lakh)	48.01	1,048.39
Earnings used in the calculation of basic earnings per share (₹. lakh)	48.01	1,048.39
Number of equity shares of 10 each outstanding at the beginning of the year	8,28,88,580	8,28,88,580
Number of equity shares of 10 each outstanding at the end of the year	8,28,88,580	8,28,88,580
Weighted Average number of Equity Shares	8,28,88,580	8,28,88,580

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 39.2**
**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 Lakh

Earnings used in the calculation of basic earnings per share	48.01	1,048.39
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	48.01	1,048.39

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 - 40**
**40.1 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:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Equity</b>	<b>13,937.00</b>	<b>13,211.56</b>	<b>12,592.29</b>
Debt	5,336.04	8,656.68	12,036.12
Cash and cash equivalents	(242.97)	(132.07)	(1,482.79)
<b>Net debt</b>	<b>5,093.06</b>	<b>8,524.60</b>	<b>10,553.34</b>
<b>Total capital (Equity + Net debt)</b>	<b>19,030.06</b>	<b>21,736.16</b>	<b>23,145.63</b>
Net debt to capital ratio	0.27	0.39	0.46

**40.2 Categories of financial instruments**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial assets</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
a) Mandatorily measured:			
i) Equity instruments and Mutual Funds	2,096.37	1,938.49	1,761.72
<b>Measured at amortised cost</b>			
i) Cash and bank balances	297.25	273.42	1,657.10
ii) Other financial assets			
<b>Measured at FVTOCI</b>			
i) Investments in equity instruments and others designated upon initial recognition	5.25	5.25	5.25
<b>Measured at cost</b>			
i) Investments in equity instruments in subsidiaries and associate	1,201.90	23.30	23.30
<b>Financial Liabilities</b>			
Measured at amortised cost	3,605.09	5,432.81	8,419.28
Measured at FVTPL	-	246.52	586.53

## NOTES FORMING PART OF FINANCIAL STATEMENTS

**41.1 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.

**41.2 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 2018.

Particulars	Carrying amount	Upto 1 year	Between 1-3 years	More than 3 years	Contracted cash flows
Non interest bearing	17,163.50	7,433.34	-	-	7,433.34
Fixed Interest rate instruments	2,720.40	1,730.97	959.07	30.36	2,720.40
<b>Total</b>	<b>19,883.91</b>	<b>9,164.31</b>	<b>959.07</b>	<b>30.36</b>	<b>10,153.74</b>

The table below provides details of financial assets as at 31 March 2018:

Particulars	Carrying amount
Trade receivables	1,783.36
Other Financial assets	4,028.73
<b>Total</b>	<b>5,812.09</b>

**41.3 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	Financial (Asset / Liabilities)			Fair value hierarchy	Valuation techniques & Key inputs used
Financial (Asset / Liabilities)	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016		
1) Investment in quoted equity instruments at FVTPL	2,096.37	1,938.49	1,761.72	Level 1	Refer Note 2 below
2) Financial liabilities	(22.72)	(20.83)	(19.09)	Level 2	Refer Note 2 below

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



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**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)

Particulars	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Financial assets at amortised cost:							
Trade receivables	Level 2	1,783.36	1,783.36	1,398.54	1,398.54	928.42	928.42
Cash and cash equivalents	Level 2	242.97	242.97	132.07	132.07	1,482.79	1,482.79
Bank balances other than cash and cash equivalents	Level 2	54.28	54.28	141.35	141.35	174.31	174.31
Other financial assets	Level 2	433.20	433.20	376.41	376.41	613.49	613.49

Particulars	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities							
Financial liabilities at amortised cost:							
Borrowings	Level 2	12,869.56	12,009.82	15,396.62	14,555.43	17,369.62	16,567.92
Trade payables	Level 2	7,549.66	7,549.66	5,419.88	5,419.88	3,286.27	3,286.27
Other financial liabilities	Level 2	2,055.37	2,055.37	3,515.69	3,515.69	3,967.77	3,967.77

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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 42

## Related Party Disclosure for the year ended March 31, 2018

Holding / Investing / Promoter Group (HC)	-	Parvathi Trading & Finance Co. Pvt. Ltd
Wholly Owned Subsidiary Company (SC)	-	Kothari International Trading Limited
Associate Company (AC)	-	Kothari Petrochemicals Limited
Key Managerial Personnel (KMP)	-	Mr.Arjun B Kothari, Managing Director
Relative of KMP	-	Mrs.Nina B Kothari, Chairperson

₹ in Lakh

Nature of Transactions	Parvathi Trading & Finance Co. Pvt. Ltd (Holding Company)						Kothari International Trading Limited (Wholly owned Subsidiary Company)			Kothari Petrochemicals Limited (Associate Company)			Nina B Kothari (Chairperson) Relative of KMP		Nayanthara B Kothari (Relative of KMP)		Arjun B Kothari Managing Director (KMP)			Parties with Significant influence & Joint Control (Direct and Indirect)																							
	2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017		2017-2018		2016-2017												
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017											
Lease In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Electricity charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Travel and other reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Rendering of Services (AMC and Techfee)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Material purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sitting fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Management Consultancy service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividend paid	290.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
CSR expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Closing Balance - Debit / (Credit)																																											
Term Loans	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	(821.20)	
Zero Coupon Bonds	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	(1,533.44)	

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 43**

Particulars	2017-18	2016-17	2015-16
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	25.96	30.80	-
<b>Other monies for which the Company is contingently liable</b>			
a) Bank Guarantees issued for loans from Sugar Development Fund	243.34	1,016.77	1,016.77
b) Disputed Excise Duty and Customs demands (out of which ₹. 97.14 lakhs (2017 - ₹. 97.14 lakhs) have been deposited under protest.	865.09	753.42	753.50
c) Disputed electricity matters	997.37	838.76	1,967.35
d) Disputed Urban land tax	19.25	19.25	46.43

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

**Note - 44**
**First-time adoption of Ind AS reconciliation**
**44.1 Reconciliation of total equity as at March 31, 2017 and April 01, 2016**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)	As at April 01, 2016 (Date of transition presented under previous GAAP)
<b>Total Equity (Shareholder's funds) under previous GAAP</b>		12,734.43	11,874.82
Fair valuation of Investments under Ind AS (net of tax)	a	83.36	1.91
Redeemable Preference Shares transferred to other financial liabilities		-	(87.50)
Effect of Interest free loans		796.56	796.56
Interest impact on deferred interest free rent deposit		(0.73)	1.01
Deferred revenue on Interest free rent deposit		1.58	-
Effective interest impact on long borrowings		10.98	5.15
Recognition of deferred taxes using the balance sheet approach under Ind AS		-448.28	0.34
Total Adjustment to Equity		477.13	717.47
<b>Total Equity under Ind AS</b>		<b>13,211.56</b>	<b>12,592.29</b>

**44.2 Reconciliation of total comprehensive income for the year ended March 31, 2017**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)
<b>Profit as per previous GAAP</b>		947.11
Adjustments:		
Fair valuation of Investments through (FVTPL)		81.45
Interest impact on deferred interest free rent deposit		(1.74)
Deferred revenue on Interest free rent deposit		1.58
Effective interest rate impact on borrowings		5.83
Impact of Interest free loans		33.66
Transfer of actuarial gain to other Comprehensive Income	b	(0.35)
Deferred tax adjustment	c	(19.15)
<b>Total effect of transition</b>		<b>101.28</b>
Profit for the year as per Ind AS		1,048.39
Other Comprehensive income for the year (net of tax)		0.23
<b>Total Comprehensive income under Ind AS</b>		<b>1,048.62</b>

**Note :** Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 44.3 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

Particulars	Previous GAAP	Effect of transition of Ind AS	Ind AS
Net cash flow from operating activities	2,552.84	(93.93)	2,458.91
Net cash flow from investing activities	(1,024.83)	1.89	(1,022.94)
Net cash flow from financing activities	(2,878.73)	92.04	(2,786.69)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,350.72)</b>	<b>0.00</b>	<b>(1,350.72)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,483.70</b>	<b>1,482.79</b>	<b>1,482.79</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>132.97</b>	<b>132.07</b>	<b>132.07</b>

## 44.4 NOTES TO THE RECONCILIATIONS

## a) Current Investments as FVTPL

Under the previous GAAP, investments were measured at cost less diminution in value which temporary. Under Ind AS these financial assets have been classified as FVTPL. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in carrying amount ₹. 81.45 lakhs as at March 31, 2017 and ₹.1.91 lakhs as at April 01, 2016. These changes affect profit before tax or total profit for the year ended March 31, 2017 because the investments have been classified as FVTPL.

## b) Actuarial gains and losses

Under previous GAAP, actuarial gains and loss were recognized in profit or loss account. Under Ind AS the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognised in the other comprehensive income under Ind AS instead of profit or loss. The actuarial gain for the year ended March 31, 2017 were ₹. 0.35 lakh and the tax effect thereon ₹. 0.12 lakh. This change does not affect total equity, but there is decrease in profit before tax of ₹. 0.35 lakh, and in total profit of ₹. 0.23 lakh for the year ended March 31, 2017.

## c) Deferred taxes

Under the previous GAAP, deferred taxes were to be accounted on timing differences arising between the accounting profit and tax profit. However, such method has been replaced with Balance Sheet approach in Ind AS, wherein deferred taxes are to be accounted for the differences arising between the accounting balance sheet and tax balance sheet. Accordingly, deferred taxes has been accounted for such temporary differences.

## 45. Approval of financial statements

The financial statements were approved by the Board of Directors on May 28, 2018.

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

The accompanying notes are an integral part of these financial Statements

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.Gopalakrishnan**  
 Director

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

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer

Place : Chennai  
 Date : May 28, 2018

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

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

**Report on the Consolidated Ind AS Financial Statements**

1. We have audited the accompanying Consolidated Ind AS financial statements of Kothari Sugars and Chemicals Limited, ("the Parent Company"), its subsidiary and its associate (the Parent, its subsidiary and its associate together referred to as "the Group"), which comprise of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

2. The Parent Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and the Rules made thereunder.
3. 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

4. Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.
6. We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in "Other Matters" is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

**Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Other Matters**

8. We did not audit the financial statements of the subsidiary Kothari International Trading Limited, whose financial statements reflect total assets of ₹22.59 lakh, total revenue of ₹Nil, total net profit after tax of ₹(17.90) lakh and total comprehensive income of ₹(17.90) lakh for the year ended 31<sup>st</sup> March 2018. The financial statements of the

subsidiary have been audited by another firm of Chartered Accountants whose reports have been furnished to us by the Parent Company's Management and our opinion on the financial results to the extent they have been derived from such financial statements is based solely on the report of such other firm of Chartered Accountants. The Consolidated Ind AS financial statements also include the Group's share of net profit of ₹195.33 lakh for the year ended 31<sup>st</sup> March 2018, as considered in the financial statements in respect of the associate Kothari Petrochemicals Limited, whose financial statements/financial information have been audited by us.

9. The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by another firm of Chartered Accountants and their reports for the year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated 30<sup>th</sup> May 2017 and 27<sup>th</sup> May 2016 respectively, expressing an unmodified opinion on those Consolidated financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not modified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

10. As required by Section 143(3) of the Act, we report, to the extent applicable that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) in our opinion, the aforesaid Consolidated Ind AS financial statements, comply with the Indian Accounting Standards prescribed under Section 133 of the Act and the Rules made thereunder;
  - (e) on the basis of written representations received from the Directors of the Parent Company as on 31<sup>st</sup> March 2018, and taken on record by the Board of Directors of the Parent Company, none of the Directors of the Group is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a Director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate report in Annexure A; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:
    - (i) the Group has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 43 to the Consolidated Ind AS financial statements.
    - (ii) the Group 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)

Place : Chennai  
Date : 28<sup>th</sup> May 2018

**S.SRIRAM**  
Partner  
Membership No. 205496

**Annexure - A to the Independent Auditors' Report - 31<sup>st</sup> March 2018**

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of Kothari Sugars and Chemicals Limited ("the Parent Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by 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.
4. 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.
5. 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**

6. 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

- 7. 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

- 8. In our opinion, the Parent Company, its subsidiary company and its associate company, which are companies incorporated in India, have, 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Other Matters

- 9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements so far it relates to Kothari International Trading Limited (subsidiary), which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

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

Place : Chennai  
Date : 28<sup>th</sup> May 2018

**S.SIRAM**  
Partner  
Membership No. 205496

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

₹ in lakhs

S.No	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>A</b>	<b>ASSETS</b>				
	<b>Non-Current Assets</b>				
	(a) Property, Plant and Equipment	2	17,697.35	18,990.44	19,356.09
	(b) Capital Work in Progress	2	-	37.99	1.01
	(c) Investment Property	3	118.42	120.79	123.16
	(d) Other Intangible Assets	4	29.47	1.70	1.70
	(e) Financial Assets				
	(i) Investments				
	(a) Investment in Subsidiaries	5	-	-	-
	(b) Investment in Associates	5	1,201.90	1,201.90	1,201.90
	(ii) Other financial assets	8	242.38	224.82	254.42
	(f) Deferred Tax Assets	35	628.23	770.41	1,129.73
	(g) Other Non-Current Assets	9	1.44	1.44	1.44
	<b>Total non-Current Assets</b>		<b>19,919.19</b>	<b>21,349.49</b>	<b>22,069.45</b>
	<b>Current Assets</b>				
	(a) Inventories	10	12,755.13	14,384.61	11,616.94
	(b) Financial Assets				
	(i) Other Investments	6	2,096.37	1,938.49	1,761.72
	(ii) Trade Receivables	7	1,783.36	1,398.54	928.42
	(iii) Cash and Cash Equivalents	11	264.87	172.48	1,515.81
	(iv) Bank balances other than (iii) above	12	54.28	141.35	174.31
	(v) Other Financial assets	8	190.86	151.63	348.66
	(c) Current tax assets (Net)	13	181.04	22.40	255.89
	(d) Other current Assets	9	407.33	472.27	477.27
	<b>Total Current Assets</b>		<b>17,733.24</b>	<b>18,681.77</b>	<b>17,079.02</b>
	<b>TOTAL ASSETS</b>		<b>37,652.43</b>	<b>40,031.26</b>	<b>39,148.47</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
	(a) Equity Share Capital	14	8,288.86	8,288.86	8,288.86
	(b) Other Equity	15	5,674.66	6,142.07	5,494.42
	<b>Total Equity</b>		<b>13,963.52</b>	<b>14,430.93</b>	<b>13,783.28</b>
	<b>Liabilities</b>				
	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	16	3,605.09	5,432.81	8,419.28
	(ii) Other Financial Liabilities	19	-	246.52	586.53
	(b) Deferred Tax Liabilities	35	3,462.43	3,467.88	3,472.96
	(c) Other Non-Current liabilities	20	1.66	53.36	21.66
	<b>Total Non-Current Liabilities</b>		<b>7,069.18</b>	<b>9,200.57</b>	<b>12,500.43</b>
	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	17	6,673.78	5,898.75	4,531.79
	(i) Trade Payables	18	7,549.66	5,419.88	3,286.27
	(i) Other Financial Liabilities	19	2,055.55	3,515.86	3,967.77
	(b) Provisions	21	188.53	137.48	110.27
	(c) Other Current Liabilities	20	152.21	1,427.79	968.66
	<b>Total Current Liabilities</b>		<b>16,619.73</b>	<b>16,399.76</b>	<b>12,864.76</b>
	<b>Total Liabilities</b>		<b>23,688.91</b>	<b>25,600.33</b>	<b>25,365.19</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,652.43</b>	<b>40,031.26</b>	<b>39,148.47</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

**For P.Chandrasekar, LLP**

Chartered Accountants

(FRN : 000580S/S200066)

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : May 28, 2018

**Arjun B Kothari**

Managing Director

**R.Prakash**

Company Secretary

**P.S.Gopalakrishnan**

Director

**R.Krishnan**

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

₹ in lakhs

S.No.	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from Operations	22	29,000.57	32,937.78
II	Other Income	23	526.75	583.15
III	<b>Total Income (I+II)</b>		<b>29,527.32</b>	<b>33,520.93</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	24	19,912.11	24,912.94
	Changes in Inventories of finished goods, work-in-progress and stock in trade	25	868.43	(2,540.09)
	Excise duty on sale of goods		307.95	1,262.45
	Employee benefit expense	26	1,855.42	1,794.77
	Finance costs	27	649.80	811.68
	Depreciation and amortisation expense	28	1,385.61	1,462.88
	Other expenses	29	3,281.20	3,900.90
	<b>Total Expenses (IV)</b>		<b>28,260.52</b>	<b>31,605.52</b>
V	<b>Profit before exceptional items and Tax (III-IV)</b>		<b>1,266.80</b>	<b>1,915.41</b>
VI	<b>Less: Exceptional items</b>	30	<b>1,017.78</b>	<b>622.35</b>
	<b>Add: Share of profit in Associate</b>		<b>195.33</b>	<b>119.24</b>
VII	<b>Profit before Tax (V - VI)</b>		<b>444.35</b>	<b>1,412.30</b>
VIII	<b>Tax Expense:</b>			
	1) Current tax		77.28	270.23
	2) Tax for earlier years		-	21.28
	3) Deferred tax		137.98	(75.23)
	<b>Total Tax expenses</b>		<b>215.26</b>	<b>216.28</b>
IX	<b>Profit for the year (VII-VIII)</b>		<b>229.09</b>	<b>1,196.02</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		(3.61)	0.35
	b) Equity instruments through other comprehensive income		-	-
	ii) Income tax relating to items that will not be re-classified to profit or loss		(3.61)	0.35
	B. i) Items that will be reclassified to profit or loss		1.25	(0.12)
	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>		<b>(2.36)</b>	<b>0.23</b>
XI	<b>Total Comprehensive Income (VII+VIII)</b>		<b>226.73</b>	<b>1,196.25</b>
	<b>Profit for the year attributable to:</b>			
	- Owners of the Company		<b>229.09</b>	<b>1,196.02</b>
	- Non-controlling interest		-	-
	<b>Other Comprehensive Income for the year:</b>			
	- Owners of the Company		<b>(2.36)</b>	<b>0.23</b>
	- Non-controlling interest		-	-
	<b>Total Comprehensive Income for the year:</b>		<b>226.73</b>	<b>1,196.25</b>
	- Owners of the Company		-	-
	- Non-controlling interest		-	-
XII	<b>Earnings Per Equity Share (Nominal value per share ₹.10/-)</b>			
	(a) Basic	39	0.28	1.44
	(b) Diluted	39	0.28	1.44

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For P.Chandrasekar, LLP

Chartered Accountants

(FRN : 000580S/S200066)

S. Sriram

Partner

Membership No. 205496

Place : Chennai

Date : May 28, 2018

Arjun B Kothari

Managing Director

R.Prakash

Company Secretary

P.S.Gopalakrishnan

Director

R.Krishnan

Chief Financial Officer

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL AND OTHER EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2018** ₹ in lakhs

Particulars	Reserves and Surplus					Items of other comprehensive income		
	Share Capital	Capital redemption reserve	Debt redemption reserve	General reserve	Retained earnings	Instruments through other Comprehensive income	Actuarial Gain / Loss	Total
Balance at April 1, 2016 (as previously reported)	8,376.36	1,312.50	750.00		2,626.95			13,065.81
Redeemable Preference Shares transferred to other financial liabilities	(87.50)							(87.50)
Effect of Interest free loans					796.56			796.56
Fair value of investment through FVTPL					1.91			1.91
Impact of Interest free rental deposit					1.01			1.01
Impact of effective interest rate on loans					5.15			5.15
Deferred tax adjustment					0.34			0.34
<b>Restated Balance at April 1, 2016</b>	<b>8,288.86</b>	<b>1,312.50</b>	<b>750.00</b>	<b>-</b>	<b>3,431.92</b>	<b>-</b>	<b>-</b>	<b>13,783.28</b>
<b>Movement during 2016-17</b>								
Transferred from retained earnings		87.50			(87.50)			-
Profit for the year					1,196.02			1,196.02
Other comprehensive income for the year, net of income tax							0.23	0.23
Excess provision on investments in associates					(119.24)			(119.24)
Deferred tax adjustment		-			(429.35)			(429.35)
<b>Balance at March 31, 2017</b>	<b>8,288.86</b>	<b>1,400.00</b>	<b>750.00</b>	<b>-</b>	<b>3,991.85</b>	<b>-</b>	<b>0.23</b>	<b>14,430.93</b>
<b>Movement during 2017-18</b>								
Profit for the year					229.09			229.09
Excess provision on investments in associates					(195.33)			(195.33)
Amount transferred within reserves				1,178.60	(1,178.60)			-
Other comprehensive income for the year, net of income tax							(2.36)	(2.36)
Payment of Dividend and Dividend Distribution Tax					(498.81)			(498.81)
<b>Balance at March 31, 2018</b>	<b>8,288.86</b>	<b>1,400.00</b>	<b>750.00</b>	<b>1,178.60</b>	<b>2,348.19</b>	<b>-</b>	<b>(2.13)</b>	<b>13,963.52</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

For and on behalf of the Board of Directors

**Arjun B Kothari**

Managing Director

**R.Prakash**

Company Secretary

**P.S.Gopalakrishnan**

Director

**R.Krishnan**

Chief Financial Officer

Place : Chennai  
Date : May 28, 2018

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018** ₹ in lakhs

	Particulars	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
<b>A.</b>	<b>Cash flow from operating activities</b>				
	Profit before tax		444.35		1,412.30
	Adjustments for:				
	Depreciation and Amortisation	1,385.61		1,462.88	
	Finance Costs (net)	649.80		811.68	
	Effect of interest free loans from Holding Co. & others	(128.62)		(128.62)	
	Net (Gain) / loss arising on FVTPL transactions	(7.22)		4.09	
	Re-measurement of employee benefit plan	(3.61)		0.35	
	Dividend Income	(30.40)		(30.39)	
	Profit on sale of Fixed Assets (net)	(10.38)		(2.99)	
	Interest Income	(86.95)		(112.70)	
	Bad Debts	8.40		-	
	Share of profit in associate	(195.33)		(119.24)	
	Liability no longer required written back	(18.04)		(22.83)	
	Accretion in value of investments	(55.26)		(96.10)	
	Provision for employee benefits	44.81		43.83	
	Loss / (gain) on sale of investments	(58.09)	1,494.74	(44.30)	1,765.67
	<b>Operating profit before working capital changes</b>		<b>1,939.09</b>		<b>3,177.97</b>
	<b>Changes in working capital</b>				
	Adjustments for increase / (decrease) in				
	Trade and other receivables	(384.82)		(470.12)	
	Inventories	1,629.48		(2,767.67)	
	Bank balances other than cash and cash equivalent	87.07		32.97	
	Other Assets	169.92		453.00	
	Other Financial Assets	(56.79)		226.63	
	Trade Payable	2,129.78		2,133.60	
	Other Liabilities	(1,380.30)		205.55	
	Other Financial Liabilities	(213.91)	1,980.43	(311.45)	(497.49)
	<b>Cash generated from operations</b>		<b>3,919.52</b>		<b>2,680.48</b>
	Less: Direct Taxes net of refund		272.02		214.51
	<b>Net cash generated from operating activities</b>		<b>3,647.50</b>		<b>2,465.97</b>
<b>B.</b>	<b>Cash flow from investing activities</b>				
	Purchase of fixed assets including capital advances		(137.44)		(1,133.84)
	Proceeds from sale of fixed assets		67.90		4.99
	(Purchase) / Sale of investments		(102.62)		(80.68)
	Investment income		58.09		44.30
	Interest received		86.95		112.70
	Dividend received		30.40		30.39
	<b>Net cash used in investing activities</b>		<b>3.28</b>		<b>(1,022.14)</b>
<b>C.</b>	<b>Cash flow from Financing activities</b>				
	Redemption of Preference Share Capital		-		(87.50)
	Proceeds from short term borrowings		775.03		1,366.96
	Repayment of Long Term loan Borrowings		(3,320.64)		(3,379.45)
	Finance Cost		(513.96)		(687.16)
	Dividend paid		(414.44)		-
	Dividend Distribution tax paid		(84.37)		-
	<b>Net cash used in financing activities</b>		<b>(3,558.38)</b>		<b>(2,787.14)</b>
	<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>92.39</b>		<b>(1,343.33)</b>
	<b>Reconciliation</b>				
	Cash and cash equivalents as at beginning of the year		172.48		1,515.81
	Cash and cash equivalents as at end of the year		264.87		172.48
	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(92.39)</b>		<b>1,343.33</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For P.Chandrasekar, LLP

Chartered Accountants

(FRN : 000580S/S200066)

S. Sriram

Partner

Membership No. 205496

Place : Chennai

Date : May 28, 2018

Arjun B Kothari  
Managing Director

R.Prakash  
Company Secretary

P.S.Gopalakrishnan  
Director

R.Krishnan  
Chief Financial Officer

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note - 1

#### CORPORATE OVERVIEW

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

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.

Kothari International Trading Limited (the subsidiary) is in the business of export trading and material sourcing. Kothari Petrochemicals Limited (the associate) manufacturers of Poly Iso Butylene.

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.

The financial statements for the year ended 31<sup>st</sup> March, 2018 was approved for issue by the Board of Directors of the Company on 28<sup>th</sup> May, 2018 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1.10 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2017, the company prepared its financial statements in accordance with the requirements of previous GAAP which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 1.30 for the details of first-time adoption exemptions availed by the Company.

##### 1.11 BASIS OF PREPARATION AND PRESENTATION

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 consolidated financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

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 principal accounting policies are set out below.**

##### 1.11.a. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities Controlled by the Company. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intragroup assets and liabilities, equity, income expenses, and cashflows relating transactions between members of the Group are eliminated in full consolidation.

#### 1.11.b. PRINCIPLES OF CONSOLIDATION

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

1. The financial statements of the subsidiary Company used in the consolidation are drawn up to the same reporting date as that of the Parent i.e. March 31, 2018.
2. The consolidated financial statements of the Company and its subsidiary company have been prepared in accordance with the Ind AS 110 "Consolidated Financial Statements" on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and resulting unrealized profits or losses, unless cannot be recovered. In respect of its associated the investor's (KSCL) share of results of operations has been dealt with in the statement of Profit and Loss account.
3. Following subsidiary and associate Company have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Percentage of holding and voting power	
		As at 31 March, 2018	As at 31 March, 2017
KITL	Wholly Owned Subsidiary	100	100
KPL	Associate	20.42	20.42

#### 1.11.c. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event/s has an impact on the estimated future cash flows from the net investment that can



be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 (Impairment of Assets) as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

## 1.12 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.

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017 Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. Accordingly, the figures for the year is not strictly relatable to previous year.

### 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

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

## 1.13 LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to the transition date, i.e. 1<sup>st</sup> April, 2016, the Company has determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### Company as Lessor

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognized in the Statement of Profit and Loss as per the terms of the lease.

Rental income from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

### 1.14 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. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### 1.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use 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.

### 1.16 GOVERNMENT GRANTS

Subsequent to transition to Ind AS Government grants are recognized at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them.

Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other Income".

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.

In respect of government loans at below-market rate of interest existing on the date of transition, the Company has availed the optional exemption under Ind AS 101 - First Time Adoption and has not recognized the corresponding benefit of the government loan at below-market interest rate as Government grant.

## 1.17 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 (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognized in the Statement of Profit and Loss each year.

The Company makes contributions to Provident Fund Trusts for certain employees, at a specified percentage of the employees' salary. The Company has an obligation to make good the shortfall, if any, between the return from the investments of trust and the notified interest rates.

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 Nippon 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.

## 1.18 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.

### 1.19 TAXATION

Income tax expense represents the sum of the tax currently payable 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 liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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. Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognized as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

#### 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.

### 1.20 PROPERTY, PLANT AND EQUIPMENT

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

All Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an asset includes the purchase cost of materials, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalized as part of the cost of the asset until such time that the asset is ready for its intended use.

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.

**1.21 INVESTMENT PROPERTY**

For transition to Ind AS, the Group has elected to continue with the carrying value of its investment property recognized as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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.

**1.22 INTANGIBLE ASSETS**

**Intangible assets acquired separately**

For transition to Ind AS, the Group has elected to continue with the carrying value of its intangible assets recognized as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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 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.

**1.23 IMPAIRMENT OF TANGIBLE & INTANGIBLE ASSETS**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

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

#### **1.24 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.

#### **1.25 PROVISIONS, CONTINGENT LIABILITIES / ASSETS**

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.

A contingent liability is not recognized in the financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognized in the financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

#### **1.26 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.



## 1.27 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 market place.

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.

For the impairment policy on financial assets measured at amortized cost, refer Note 1.26(e)

Investment in subsidiaries and associates are accounted under cost basis.

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 equity investments which 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 41.3.

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.

**g. Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

**1.28 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS**

**a. Classification as debt or equity**

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

**b. Equity instruments**

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c. 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.

**c.1. 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. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Fair value is determined in the manner described in note 41.3.

**c.2. 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.

**c.3. Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

**c.4. 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.

**1.29 CASH FLOW STATEMENT**

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

**1.30 FIRST - TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS**

**a. Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

**b. De-recognition of financial assets and financial liabilities**

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

**c. Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**d. Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**e. Deemed cost for property, plant and equipment and investment property**

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**f. Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**g. Equity investments at FVTPL**

The Company has designated investment in equity shares other than subsidiaries, associate and joint ventures as at FVTPL on the basis of facts and circumstances that existed at the transition date.

**h. Government loan**

The Company has elected the option to carry the below market interest rate government loans on transition date at their carrying value measured as per the previous GAAP.

**1.31 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 41.3

**b. Useful life of Property Plant & Equipment, Investment Properties & Other Intangible Assets**

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

**1.32 CONTINGENCIES**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

**1.33 DEFERRED TAX ASSETS**

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profits will be available against which deferred tax assets can be utilized. The company reviews at each balance sheet the carrying amount of deferred tax asset.

**1.34 DEFINED BENEFIT PLAN**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**1.35 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.

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

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Freehold land	363.23	357.74	354.67
Building	2,263.52	2,402.74	2,609.05
Plant and Equipment	14,800.05	15,945.09	16,191.11
Furniture and Fixtures	35.71	41.25	48.55
Vehicles	234.83	243.62	152.71
<b>Total</b>	<b>17,697.35</b>	<b>18,990.44</b>	<b>19,356.09</b>
Capital work-in-progress	-	37.99	1.01
	<b>17,697.35</b>	<b>19,028.43</b>	<b>19,357.10</b>

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Cost or Deemed cost</b>						
Balance at April 01, 2016	354.67	2,609.05	16,191.11	48.55	152.71	<b>19,356.09</b>
Additions	3.07	43.10	909.04	2.90	138.75	<b>1,096.86</b>
Disposals	-	-	-	-	33.94	<b>33.94</b>
<b>Balance at March 31, 2017</b>	<b>357.74</b>	<b>2,652.15</b>	<b>17,100.15</b>	<b>51.45</b>	<b>257.53</b>	<b>20,419.02</b>
Additions	5.49	8.25	83.81	0.37	46.39	<b>144.31</b>
Disposals	-	-	151.38	-	29.42	<b>180.80</b>
<b>Balance at March 31, 2018</b>	<b>363.23</b>	<b>2,660.40</b>	<b>17,032.58</b>	<b>51.82</b>	<b>274.49</b>	<b>20,382.53</b>

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Accumulated depreciation and impairment</b>						
Balance at 01 April, 2016	-	-	-	-	-	-
Disposals	-	-	-	-	31.93	31.93
Depreciation expenses	-	249.41	1,155.06	10.20	45.84	1,460.51
<b>Balance at 31 March, 2017</b>	<b>-</b>	<b>249.41</b>	<b>1,155.06</b>	<b>10.20</b>	<b>13.91</b>	<b>1,428.58</b>
Disposals	-	-	97.28	-	26.01	123.29
Depreciation expenses	-	147.46	1,174.75	5.91	51.77	1,379.89
<b>Balance at 31 March, 2018</b>	<b>-</b>	<b>396.87</b>	<b>2,232.53</b>	<b>16.11</b>	<b>39.67</b>	<b>2,685.18</b>
Carrying amount as on April 01, 2016	354.67	2,609.05	16,191.11	48.55	152.71	<b>19,356.09</b>
Carrying amount as on March 31, 2017	357.74	2,402.74	15,945.09	41.25	243.62	<b>18,990.44</b>
Carrying amount as on March 31, 2018	363.23	2,263.52	14,800.05	35.71	234.83	<b>17,697.35</b>

Details of assets offered as security is provided in Note 16

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

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Investment property	118.42	120.79	123.16
<b>Total</b>	<b>118.42</b>	<b>120.79</b>	<b>123.16</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<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, 2018	As at March 31, 2017
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	40.46	38.09
Depreciation expenses	2.37	2.37
<b>Balance at end of the year</b>	<b>42.83</b>	<b>40.46</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, 2018 and March 31, 2017.

Particulars	As at March 31, 2018	As at March 31, 2017
Land and Building in Tamilnadu	1,855.21	1,800.64
Land and Building other than Tamilnadu	517.56	502.34

The fair value of the Company's investment properties as at March 31, 2018, March 31, 2017 have been arrived at on the basis of a valuation carried out by Mr.Khatib Ahmed, independent valuers not related to the Company. Mr.Khatib Ahmed is registered with the authority which governs the valuers in India, and he has appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. Fair value was derived using the market comparable approach based on recent market/government guideline prices without any significant adjustments being made to the market observable data.

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

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Carrying amounts of:</b>			
Software and licenses	29.47	1.70	1.70
<b>Total</b>	<b>29.47</b>	<b>1.70</b>	<b>1.70</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Cost or Deemed cost</b>		
Balance at the beginning of the year	33.98	33.98
Additions	31.12	-
<b>Balance at end of the year</b>	<b>65.10</b>	<b>33.98</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	32.28	32.28
Depreciation expenses	3.35	-
<b>Balance at end of the year</b>	<b>35.63</b>	<b>32.28</b>
<b>Carrying amount at the end of year</b>	<b>29.47</b>	<b>1.70</b>

**Note - 5**
**INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>I. Quoted Investments</b>			
<i>a) Investments in Equity Instruments at cost</i>			
1,20,19,000 (2017 - 1,20,19,000; 2016 - 1,20,19,000) shares of ₹.10 each fully paid up in Kothari Petrochemicals Limited (Associate Company)	1,201.90	1,201.90	1,201.90
<b>Total Aggregate Quoted Investments</b>	<b>1,201.90</b>	<b>1,201.90</b>	<b>1,201.90</b>
During the current year ended 31 <sup>st</sup> March 2018 the investment restated at cost by reversing the diminution in value of investments of ₹.1178.60 lakhs			
Aggregate book value of quoted investments	1,201.90	1,201.90	1,201.90
Aggregate market value of quoted investments	2,656.20	2,704.28	2,193.47
<b>II. Un-quoted Investments</b>			
<i>a) Investments in Equity Instruments at cost</i>			
Kothari International Trading Limited (Wholly Owned Subsidiary ₹.10/- each) 9,99,950 (2017 - 9,99,950; 2016 - 9,99,950)	99.99	99.99	99.99
Less: Diminution in value of investments	99.99	99.99	99.99
<b>Total aggregate of un-quoted Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
<b>Total Non-Current Investments</b>	<b>1,201.90</b>	<b>1,201.90</b>	<b>1,201.90</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note - 6		OTHER INVESTMENTS		₹. in Lakh				
Particulars		No. Shares	As at March 31, 2018	No. Shares	As at March 31, 2017	No. Shares	As at April 01, 2016	
<b>I. Quoted Investments</b>								
<b>a) Investments in Equity Instruments at FVTPL</b>								
BHARAT HEAVY ELECTRICALS LIMITED (₹. 2 EACH)		3,750	3.05	2,500	4.07	2,500	2.85	
BGR ENERGY SYSTEMS LIMITED (₹. 10 EACH)		290	0.30	290	0.40	290	0.31	
HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)		4,600	1.02	4,600	1.82	4,600	0.90	
IDFC Ltd. (₹. 10 EACH)		1,000	0.49	1,000	0.55	1,000	0.40	
INDIAN HOTELS (Re. 1 EACH)		-	-	-	-	1,000	0.99	
RELANCE COMMUNICATIONS LIMITED (₹. 5 EACH)		5,000	1.09	5,000	1.92	5,000	2.50	
RELANCE INDUSTRIES LTD (₹. 10 EACH)		-	-	-	-	2,350	24.56	
RELANCE INFRASTRUCTURE LIMITED (₹. 10 EACH)		450	1.92	450	2.56	450	2.40	
RELANCE POWER LTD (₹. 10 EACH)		4,375	1.58	4,375	2.10	4,375	2.16	
SINTEX INDUSTRIES LIMITED (Re.1 EACH) @ 36.38%		1,800	0.32	1,800	1.90	1,800	1.39	
SINTEX PLASTIC TECHNOLOGY LIMITED (Re.1 EACH) @ 63.62%		1,800	1.04	-	-	-	-	
TATA POWER COMPANY LIMITED (Re.1 EACH)		19,380	15.31	19,380	17.51	19,380	12.53	
GUJARAT PETROSYNTHES LTD (₹. 10 EACH)		5,000	1.09	5,000	0.50	5,000	0.50	
<b>Total</b>			<b>27.20</b>		<b>33.33</b>		<b>51.49</b>	
<b>b) Other Investments in Mutual Funds / Bonds/NCD at FVTPL</b>								
SBI MAGNUM COMMA FUND		-	-	-	-	52,604	8.18	
SBI MAGNUM SECTOR FUND UMBRELLA CONTRA - DIVIDEND		93,528	18.13	93,528	20.12	93,528	16.83	
BIRLA SUN LIFE CASH PLUS		-	-	-	-	48,424	117.82	
IDFC DYNAMIC BOND FUND		-	-	-	-	5,098,663	561.77	
RELANCE LIQUID FUND - CASH PLAN		-	-	-	-	3,154	77.14	
HDFC FMP 1107D MARCH 2016(I) - SERIES 36 - DIRECT - GROWTH		2,000,000	235.38	2,000,000	219.87	2,000,000	200.36	
RELANCE FIXED HORIZON FUND XXX - SERIES 17 - DIRECT - GROWTH		1,300,000	152.89	1,300,000	142.68	1,300,000	130.00	
RELANCE FIXED HORIZON FUND XXX - SERIES 19 - DIRECT - GROWTH		2,000,000	232.79	2,000,000	217.60	-	-	
ICICI PRUDENTIAL FMP SERIES 79 - 1105 DAYS PLAN B DIRECT CUMULATIVE		1,000,000	115.93	1,000,000	108.04	-	-	
HDFC FMP 1113D JUNE 2016(I) - SERIES 36 - DIRECT - GROWTH		1,000,000	115.43	1,000,000	107.87	-	-	
HDFC FMP 1199D JAN 2017(I) - DIRECT - GROWTH		268,914	29.40	268,914	27.17	-	-	
IDFC CORPORATE BOND FUND - DIRECT - GROWTH		1,930,875	231.13	1,930,875	216.56	-	-	
IDFC ULTRA SHORT TERM FUND		-	-	2,009,327	211.80	-	-	
IDFC CREDIT OPPORTUNITIES FUND - DIRECT - GROWTH		350,000	37.96	350,000	35.32	-	-	
TATA MOTORS FINANCE LIMITED		30	300.00	30	300.00	30	300.00	
IFCI LIMITED		10,000	100.00	10,000	100.00	10,000	100.00	
NABARD		1,500	192.87	1,500	192.87	1,500	192.87	
IDFC YEARLY SERIES INTERVAL FUND (SERIES II) - DIRECT - GROWTH		66,259	10.10	-	-	-	-	
IDFC CASH FUND - DIRECT - GROWTH		11,763	248.22	-	-	-	-	
PRAMERICA ULTRA SHORT TERM FUND - DIRECT - GROWTH		119,153	25.42	-	-	-	-	
PRAMERICA LOW DURATION FUND - DIRECT - GROWTH		20,804	5.08	-	-	-	-	
INVESCO INDIA MEDIUM TERM BOND FUND - DIRECT - GROWTH		724	13.18	-	-	-	-	
<b>Total</b>			<b>2,063.92</b>		<b>1,899.91</b>		<b>1,704.98</b>	
<b>Total Quoted Investments</b>			<b>2,091.12</b>		<b>1,933.24</b>		<b>1,756.46</b>	
<b>I. Un-quoted Investments</b>								
<b>a) Investments in Equity Instruments at FVTOCI</b>								
BIO- TECH CONSORTIUM LTD (₹. 10 EACH)		50,000	5.00	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	2,086	0.20	
Kothari Biotech Limited (₹. 10/- each)		20	0.003	20	0.003	20	0.003	
<b>b) Govt Securities</b>								
Indira Vikas Patra		-	0.05	-	0.05	-	0.05	
<b>Total Un-quoted Investments</b>			<b>5.25</b>		<b>5.25</b>		<b>5.25</b>	
<b>Total other Investments</b>								
<b>Current</b>			<b>2,096.37</b>		<b>1,938.49</b>		<b>1,761.72</b>	



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 7**
**TRADE RECEIVABLES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Trade Receivables</b>			
Secured, Considered good			
Unsecured, Considered good	1,783.36	1,398.54	928.42
Doubtful	-	-	-
Allowance for doubtful debts	-	-	-
	<b>1,783.36</b>	<b>1,398.54</b>	<b>928.42</b>
<b>Current</b>	1,783.36	1,398.54	928.42
<b>Non-current</b>	-	-	-

The credit period on sale of goods ranges from 0 to 120 days. No interest is charged on trade receivables.

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

Trade receivables are further analysed as follows:

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within Credit period	1,131.77	680.30	528.41
31-60 days past due	508.51	508.38	275.67
61-90 days past due	53.23	129.12	40.65
More than 90 days	89.85	80.74	83.69
<b>Total</b>	<b>1,783.36</b>	<b>1,398.54</b>	<b>928.42</b>

**Note - 8**
**OTHER FINANCIAL ASSETS**

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>At Amortised Cost</b>						
a) Security Deposit	122.77	121.68	168.17	19.15	34.39	217.33
b) Interest receivable	119.60	100.67	83.22	-	5.73	0.19
c) Dividend from Associate /Subsidiary	-	-	-	-	-	-
d) Advance recoverable in cash	-	-	-	-	-	-
(i) Unsecured and Considered good	-	0.32	0.88	171.71	111.51	131.13
(ii) Considered doubtful	-	13.37	23.37	-	-	-
Less: Provision for Doubtful advances	-	(11.22)	(21.22)	-	-	-
e) Other receivable	-	-	-	-	-	-
<b>Total</b>	<b>242.37</b>	<b>224.82</b>	<b>254.42</b>	<b>190.86</b>	<b>151.63</b>	<b>348.65</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****Note - 9****OTHER ASSETS**

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Security Deposit	-	-	-	-	-	-
b) Capital Advances	-	-	-	-	-	1.77
c) Balance with Customs and Central excise / GST authorities	-	-	-	-	237.44	245.54
d) Advance recoverable in kind or for value to be received	-	-	-	-	-	-
(i) Unsecured and Considered good	1.44	1.44	1.44	407.33	234.83	229.96
(ii) Considered doubtful	-	-	-	-	-	-
Less: Provision for Doubtful advances	-	-	-	-	-	-
<b>Total</b>	<b>1.44</b>	<b>1.44</b>	<b>1.44</b>	<b>407.33</b>	<b>472.27</b>	<b>477.27</b>

**Note - 10****INVENTORIES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Raw Materials	239.07	144.64	146.13
b) Work-in-Process	227.17	291.71	411.00
c) Finished goods	11,585.69	13,270.67	10,391.21
d) Stores and spares	703.21	677.60	668.60
<b>Total</b>	<b>12,755.13</b>	<b>14,384.61</b>	<b>11,616.94</b>

The cost of inventories recognised as an expense during the year was ₹.19,912.11 Lakh (March 31, 2017 ₹. 24,912.94 Lakh)

Finished goods includes inventories worth ₹.10,273 lakh (2016-17 ₹. Nil) carried at fair value less cost to sell. The mode valuation of inventories has be stated in note 1.24

**Note - 11****CASH AND CASH EQUIVALENTS**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>a) Balances with banks</b>			
(i) In Current account	232.14	131.60	406.31
(ii) In Deposit account	26.33	38.83	1,107.80
b) Cash on hand	6.41	2.05	1.70
<b>Total</b>	<b>264.88</b>	<b>172.48</b>	<b>1,515.81</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 12**
**OTHER BANK BALANCES**

₹. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Balances with banks in earmarked accounts			
(i) In unpaid Dividend account	9.79	4.42	4.43
(ii) In cane development / SEFAUS No-lien account	0.90	0.90	0.90
(iii) In margin money accounts for Bank Guarantee issued	43.59	136.03	168.98
<b>Total</b>	<b>54.28</b>	<b>141.35</b>	<b>174.31</b>

**Note - 13**
**CURRENT TAX ASSET AND LIABILITIES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Tax refund receivable (net)	181.04	22.40	255.89
<b>Total</b>	<b>181.04</b>	<b>22.40</b>	<b>255.89</b>

**Note - 14**
**EQUITY SHARE CAPITAL**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>AUTHORISED</b>			
Equity Shares:			
13,00,00,000 Equity shares of ₹. 10 each (2017 - 13,00,00,000 ; 2016 - 13,00,00,000)	13,000.00	13,000.00	13,000.00
12,00,000 Redeemable Preference shares of ₹. 100 each (2017 - 12,00,000 ; 2016 - 12,00,000)	1,200.00	1,200.00	1,200.00
20,00,000 Redeemable Preference shares of ₹. 10 each (2017 - 20,00,000 ; 2016 - 20,00,000)	200.00	200.00	200.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>			
8,28,88,580 Equity Shares of ₹. 10/- each (2017 - 8,28,88,580 ; 2016 - 8,28,88,580)	8,288.86	8,288.86	8,288.86
<b>Total</b>	<b>8,288.86</b>	<b>8,288.86</b>	<b>8,288.86</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****14.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period.** ₹. in Lakh

Reconcilitaion	2017-18		2016-17		2015-16	
	No. of shares	₹. Lakh	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	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	8,28,88,580	8,288.86
<b>b) Redeemable Preference Share Capital (Face value of ₹.100 each)</b>						
At the beginning of the period	-	-	12,00,000	75.00	12,00,000	300.00
At the end of the period	-	-	-	-	12,00,000	75.00
<b>c) Redeemable Preference Share Capital (Face value of ₹.10 each)</b>						
At the beginning of the period	-	-	20,00,000	12.50	20,00,000	50.00
At the end of the period	-	-	-	-	20,00,000	12.50

**14.2 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, 2018		March 31, 2017		April 01, 2016	
	Nos.	%	Nos.	%	Nos.	%
Parvathi Trading and Finance Co. Pvt. Ltd (Holding Company)	5,81,86,610	70.20	5,81,86,610	70.20	5,81,86,610	70.20

**14.3 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. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

The Company has not issued any equity shares under ESOP (Employee Stock Option).

**Note - 15****OTHER EQUITY**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Redemption Reserve	1,400.00	1,400.00	1,312.50
Debenture Redemption Reserve	750.00	750.00	750.00
General Reserve	1,178.60	-	-
Interest effects on Interest free loans	-	-	796.56
Investments in equity / MF through FVTPL	-	-	1.91
Revenue arising from Interest free rental deposit	-	-	1.01
Effective interest rate	-	-	5.15
Deferred tax adjustment	-	-	0.34
Actuarial movement through other comprehensive income (net of tax)	(2.13)	0.23	-
Retained earnings (surplus in profit or loss account)	2,348.19	3,991.84	2,626.95
<b>Total</b>	<b>5,674.66</b>	<b>6,142.07</b>	<b>5,494.42</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>a) Capital Redemption Reserve</b>		
Opening balance	1,400.00	1,312.50
Add: Appropriation from Profit or Loss account	-	87.50
<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 will not be reclassified subsequently to profit or loss.

<b>b) Debenture Redemption Reserve</b>		
Opening balance	750.00	750.00
Add: Appropriation from Profit or Loss account	-	-
Closing Balance	750.00	750.00
<b>c) General Reserve</b>		
Opening balance	-	-
Add: Amount transferred within reserves	1,178.60	-
<b>Closing Balance</b>	<b>1,178.60</b>	<b>-</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	0.23	0
Additions/(Deletions)	(2.36)	0.23
<b>Closing Balance</b>	<b>(2.13)</b>	<b>0.23</b>
<b>e) Retained Earnings</b>		
Opening balance	3,991.84	3,431.92
Less: Transfer to Capital Redemption Reserve	-	87.50
Less: Dividend on Equity Shares including dividend distribution tax	498.81	-
Amount transferred within reserves	(1,178.60)	-
Profit/(Loss) for the year	229.09	1,196.02
Excess provision on investments in associates	(195.33)	(119.24)
Deferred tax adjustment	-	(429.35)
<b>Closing Balance</b>	<b>2,348.19</b>	<b>3,991.84</b>
The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributeable in entirety.		
<b>Total Other Equity</b>	<b>5,674.66</b>	<b>6,142.07</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note - 16

## NON-CURRENT BORROWINGS

₹. in Lakh

Particulars	Non-Current portion			Current maturities		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Unsecured - at amortised cost</b>						
i) Term Loans from others	255.46	235.97	217.97	-	-	-
ii) Deferred income account	246.11	268.01	289.91	-	-	-
<b>Sub - Total</b>	<b>501.57</b>	<b>503.98</b>	<b>507.87</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>						
i) Bonds / Debentures (Holding Company)	581.35	539.52	502.01	-	-	-
ii) Deferred income account	578.11	629.55	680.99	-	-	-
iii) Bonds / Debentures (others)	170.59	155.15	141.13	-	-	-
iv) Deferred income account	218.09	237.49	256.90	-	-	-
v) Term Loans from Banks	403.98	1,513.94	3,361.80	1,037.06	2,118.90	2,616.50
vi) Term Loans from Sugar Development Fund (Govt. of India)	579.82	1,273.72	2,378.67	693.89	1,104.96	1,000.34
vii) Term Loans from others	225.32	202.39	182.03	-	-	-
viii) Deferred income account	346.26	377.07	407.88	-	-	-
<b>Sub - Total</b>	<b>3,103.52</b>	<b>4,928.83</b>	<b>7,911.41</b>	<b>1,730.95</b>	<b>3,223.86</b>	<b>3,616.84</b>
<b>Grand Total</b>	<b>3,605.09</b>	<b>5,432.81</b>	<b>8,419.28</b>	<b>1,730.95</b>	<b>3,223.86</b>	<b>3,616.84</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note - 16 (cont)

## SUMMARY OF BORROWING ARRANGEMENTS

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	Rate of interest %	Amount of each installment	Security	Terms of repayment
Zero Coupon Bonds (₹.100 each Redeemable at par) - Holding Company	1,034.44	1,043.52	1,056.60	-	1,383.44	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.	Redeemable in June 2029. Repayable in one instalment
Debentures (₹.100 each) - Holding Company	125.02	125.55	126.40		150.00	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.	Redeemable in June 2029. Repayable in one instalment
Term Loan from Holding Company)	571.58	579.46	589.91	-	821.20	Hypothecation of Movable properties including plant and machinery, inventories situated at Kattur unit, Tamil Nadu.	Repayable in June 2029 in one instalment
Zero Coupon Bonds (₹.100 each Redeemable at par) - others	388.68	392.65	398.03	-	497.58	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.	Redeemable in June 2029. Repayable in one instalment
Term Loan - others	501.57	503.98	507.87	-	623.15	Unsecured	Repayable in June 2029 in one instalment
Indian Bank (Sathamangalam Modernisation)	602.79	810.87	1,019.09	10.95	17.86	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit. .	Repayable in 84 monthly instalments
Indian Bank (Cane harvester)	0.00	30.19	61.00	10.70	2.63	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repaid
Indian Bank (SEFASU, 2014)	780.74	1,793.01	2,723.94	-	78.22	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repayment in 5 years with 2 year moratorium and 36 equal monthly installments
Indian Bank - Soft Loan 2015	0.00	900.90	2,174.27	1.70	179.00	Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future ) of the Sathamangalam sugar & cogeneration Unit.	Repaid



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	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	513.24	769.86	1,026.48	4.00	256.62	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.	Annual repayment in 5 equal annual installments starting from September 2015 to September 2019
Kattur Plant Modernisation and Expansion of Sugar unit	256.62	513.24	769.86	4.00	256.62	Exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu.	Annual repayment in 5 equal annual installments starting from December 2014 to December 2018
Kattur Plant Modernisation Sugar unit	-	344.05	688.09	4.00	172.02	Exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur Unit, Tamil Nadu.	Repaid
Kattur unit Cane development		29.20	58.40	4.00	29.20	Bank Guarantee	Repaid
Sathamangalam unit Cane development (Tranche I)	-	68.20	136.40	4.00	68.20	Bank Guarantee	Repaid
Sathamangalam unit Cane development (Tranche II)	68.48	114.13	159.78	6.75	22.83	Bank Guarantee.	Repayment 8 half yearly installments starting from February 2016 to February 2019
Sathamangalam unit Cane development (Tranche I)	222.75	297.00	297.00	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.	Repayment 8 half yearly installments starting from June 2017 to December 2020
Sathamangalam unit Cane development (Tranche II)	212.63	243.00	243.00	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.	Repayment 8 half yearly installments starting from January 2018 to July 2021.
HDFC Bank (Vehicle loan)	57.50	97.87	-	8.71	3.40	Secured by hypothecation of vehicle purchased	Repayable in 3 years with monthly instalments
<b>Total</b>	<b>5,336.04</b>	<b>8,656.68</b>	<b>12,036.12</b>				

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 17**
**SHORT TERM BORROWINGS**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Secured - at amortised cost</b>			
Loan repayable on demand (refer note a below)	6,673.78	5,898.75	4,531.79

a) Working capital facilities in the form of open cash credit from Indian bank is secured by exclusive first charge on land, buildings and Plant and equipments and all the movable properties (present and future) of Sathamangalam sugar and Co-generation Unit and hypothecation of Finished Goods / Work-in-process/stores and spares and book debts. Interest rate at MCLR plus 0.75% i.e. 9.10% p.a.

**Note - 18**
**TRADE PAYABLES**

₹. in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade payables	7,433.34	5,219.26	3,131.57
Employee related	116.33	200.62	154.71
<b>Total</b>	<b>7,549.66</b>	<b>5,419.88</b>	<b>3,286.27</b>

Trade payables are non-interest bearing are normally settled between 30-60 days.

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosure, if any, relating to unpaid amounts as at the year end together with interest paid / payable as required under the Act has not been given.

**Note - 19**
**OTHER FINANCIAL LIABILITIES**

₹. in Lakh

Particulars	Current			Non-Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>At Amortised Cost</b>						
a) Current maturities of long-term debt	1,730.95	3,223.86	3,616.84	-	-	-
b) Interest accrued but not due on borrowings	271.12	255.69	207.59	-	246.52	586.53
c) Unclaimed dividends (refer note 19.1 & 19.2)	9.79	4.42	4.43	-	-	-
d) Redeemable Preference Shares	-	-	87.50	-	-	-
e) Deferred Liability on Interest free loans	-	-	-	-	-	-
- Advances and Deposits repayable in cash	22.72	20.83	19.09	-	-	-
- Other Miscellaneous liabilities	20.97	11.06	32.32	-	-	-
<b>Total</b>	<b>2,055.55</b>	<b>3,515.86</b>	<b>3,967.77</b>	<b>-</b>	<b>246.52</b>	<b>586.53</b>

19.1 These amounts represent dividend warrants issued to the shareholders which remained un-presented as at on March 31, 2018, 2017 and 2016 respectively.

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note - 20

## OTHER LIABILITIES

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Excise duty on un-despatched stock	-	-	-	-	881.09	661.01
b) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc)	-	0.70	0.70	56.01	282.60	219.62
c) Advances and Deposits from Customers / others	-	-	-	60.21	257.24	83.44
d) Deferred revenue arising from Interest free deposit	1.66	3.24	4.82	-	-	-
e) Gratuity payable	-	49.42	16.15	36.00	6.86	4.59
<b>Total</b>	<b>1.66</b>	<b>53.36</b>	<b>21.66</b>	<b>152.21</b>	<b>1,427.79</b>	<b>968.66</b>

## Note - 21

## PROVISIONS

₹. in Lakh

Particulars	Non-Current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Compensated absences (Earned Leave)	-	-	-	44.81	43.83	42.38
b) Related to expenses	-	-	-	143.72	93.65	67.89
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188.53</b>	<b>137.48</b>	<b>110.27</b>

## Note - 22

## REVENUE FROM OPERATIONS

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Sale of Products (Including Excise Duty)</b>		
Sugar	20,819.62	22,984.20
Industrial Alcohol	5,346.36	7,593.67
Electric Power	1,118.73	1,570.32
Bagasse	1,296.84	371.91
Others (Biocompost, CO2, cane inputs etc.)	217.59	238.26
	<b>28,799.14</b>	<b>32,758.37</b>
<b>(b) Other operating revenues</b>		
- Technical service fee	182.78	133.80
- Scrap sales	18.65	45.61
<b>Total</b>	<b>29,000.57</b>	<b>32,937.78</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 23**
**OTHER INCOME**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest income		
On bank deposits and others	86.95	112.70
(b) Dividend Income		
From equity investments designated As at FVTPL	30.40	30.39
(c) Other gains or losses		
- Profit on sale of Fixed Assets (net)	10.38	2.99
- Net gain arising on financial assets designated as at FVTPL	113.35	138.50
- Net gain on foreign currency transaction	6.00	-
(d) Other non-operating income		
Operating lease rental from Investment property	41.88	38.06
Insurance claims received	13.99	14.60
Liability no longer required written back	18.04	22.83
Interest income others	128.62	128.62
Commission	-	62.93
Other Miscellaneous income	77.14	31.55
<b>Total</b>	<b>526.75</b>	<b>583.15</b>

**Note - 24**
**COST OF MATERIAL CONSUMED**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sugarcane	15,867.04	21,438.09
Coal	655.58	2.21
Others (Molasses, Bagasse etc.)	1,259.94	2,806.59
Chemical and Others	275.71	365.15
Raw Sugar	1,543.71	-
Packing	310.14	300.91
<b>Total</b>	<b>19,912.11</b>	<b>24,912.94</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note - 25

## COST OF MATERIAL CONSUMED

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Opening Stock :</b>		
<b>Finished goods</b>		
Sugar	12,354.78	9,414.25
Molasses	592.79	662.74
Industrial Alcohol	323.10	314.22
<b>Work in progress</b>		
Sugar	283.85	399.08
Molasses	7.86	11.91
	<b>13,562.38</b>	<b>10,802.20</b>
<b>Closing Stock :</b>		
<b>Finished goods</b>		
Sugar	11,006.40	12,354.78
Molasses	300.43	592.79
Industrial Alcohol	1,159.95	323.10
<b>Work in progress</b>		
Sugar	220.53	283.85
Molasses	6.65	7.86
	<b>12,693.95</b>	<b>13,562.38</b>
Decrease / (Increase) in stocks	868.43	(2,760.18)
Excise duty adjustment for movement in Finished goods inventory	-	220.08
<b>Net change (Increase) / Decrease</b>	<b>868.43</b>	<b>(2,540.09)</b>

## Note - 26

## EMPLOYEE BENEFIT EXPENSE

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, Wages and Bonus	1,560.78	1,510.96
(b) Contribution to Provident and other Funds	164.13	187.64
(a) Workmen and Staff welfare expenses	130.51	96.17
<b>Total</b>	<b>1,855.42</b>	<b>1,794.77</b>

## Note - 27

## FINANCE COST

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) Interest costs		
(a) Bank Loans and others	624.53	788.42
(ii) Other borrowing costs	25.27	23.26
<b>Total</b>	<b>649.80</b>	<b>811.68</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 28**
**DEPRECIATION AND AMORTISATION EXPENSE**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation/amortisation on		
a) Property, Plant and Equipment	1,379.89	1,460.51
b) Investment property	2.37	2.37
c) Intangible assets	3.35	-
<b>Total</b>	<b>1,385.61</b>	<b>1,462.88</b>

**Note - 29**
**OTHER EXPENSES**

₹. in Lakh

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
a) Consumption of stores and spare parts		613.60		802.92
b) Power and Fuel		531.61		712.82
c) Rent		35.19		29.77
d) Repairs-Buildings	116.85		52.74	
e) Repairs-Machinery	388.84		560.34	
f) Repairs-Others	140.64	646.33	95.93	709.01
g) Biocompost		55.04		83.79
h) Insurance		87.54		88.09
i) Rates and Taxes		141.41		169.15
j) Excise duty expunged		62.66		475.25
k) Freight & Clearing Expenses		456.85		296.72
l) Directors Sitting fees		6.70		5.05
m) Auditor's Remuneration		5.68		5.69
n) Travelling Expenses		123.82		73.59
o) Conveyance		3.52		3.28
p) Professional Fees		69.55		65.87
q) Commission		27.98		30.22
r) CSR expenditure		6.26		2.09
s) Administration Expenses		387.02		322.71
t) Bad Debts		8.40		-
u) Miscellaneous Expenses		12.06		24.88
<b>Total</b>		<b>3,281.20</b>		<b>3,900.90</b>

**Note - 30**
**EXCEPTIONAL ITEMS**

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Exceptional items of (Debit)</b>		
Electricity matters	-	1,199.64
Cane related matters	1,017.78	-
<b>Exceptional items of (Credit)</b>		
Tariff revision (EB related)	-	577.29
<b>Exceptional items (Net)</b>	<b>1,017.78</b>	<b>622.35</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note - 31

## PAYMENT TO AUDITORS

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Audit Fees - Statutory	4.00	4.00
b) Audit Fees - Limited audit review	1.50	1.50
c) Fees for other services (included in the professional fee)	0.60	0.40
<b>Total</b>	<b>6.10</b>	<b>5.90</b>

## Note - 32

## DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Direct operating expenses arising from investment property that generated rental income during the year	5.23	5.71
Direct operating expenses arising from investment property that did not generate rental income during the year	0.85	1.01
<b>Total</b>	<b>6.08</b>	<b>6.72</b>

## Note - 33

## DIRECTOR'S REMUNERATION

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Consultancy services	5.00	-
b) Directors' sitting Fees	6.70	5.05
<b>Total</b>	<b>11.70</b>	<b>5.05</b>

## Note - 34

## OPERATING LEASE ARRANGEMENTS (Company as Lessor)

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Rental income	41.88	36.48
<b>Total</b>	<b>41.88</b>	<b>36.48</b>

## Note - 35

## DEFERRED TAX BALANCES

₹. in Lakh

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	As at April 01, 2016
Deferred tax assets	628.23	770.41	1,129.73
Deferred tax liabilities	(3,462.43)	(3,467.88)	(3,472.96)
<b>Total</b>	<b>(2,834.20)</b>	<b>(2,697.47)</b>	<b>(2,343.23)</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹. in Lakh

2017-18	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	(3,467.88)	(5.45)	-	(3,462.43)
Provision compensated absences and others	50.01	(15.74)	-	65.75
Defined benefit obligation	(0.12)	-	1.25	1.13
<b>Total</b>	<b>(3,417.99)</b>	<b>(21.19)</b>	<b>1.25</b>	<b>(3,395.55)</b>
Tax losses	720.52	159.17	-	561.35
<b>Net Deferred tax Assets / (Liability)</b>	<b>(2,697.47)</b>	<b>137.98</b>	<b>1.25</b>	<b>(2,834.20)</b>
MAT credit entitlement	-	-	-	-
<b>Total</b>	<b>(2,697.47)</b>	<b>137.98</b>	<b>1.25</b>	<b>(2,834.20)</b>

2016-17	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	(3,472.96)	(5.08)	-	(3,467.88)
Provision compensated absences and others	58.93	8.92	-	50.01
Defined benefit obligation	-	-	(0.12)	(0.12)
<b>Total</b>	<b>(3,414.03)</b>	<b>3.84</b>	<b>(0.12)</b>	<b>(3,417.99)</b>
Tax losses	1,070.80	350.28	-	720.52
<b>Net Deferred tax Assets / (Liability)</b>	<b>(2,343.23)</b>	<b>354.12</b>	<b>(0.12)</b>	<b>(2,697.47)</b>
MAT credit entitlement	-	-	-	-
<b>Total</b>	<b>(2,343.23)</b>	<b>354.12</b>	<b>(0.12)</b>	<b>(2,697.47)</b>

## Note - 36

## INCOME TAXES RELATING TO CONTINUING OPERATIONS

₹. in Lakh

Particulars	2017-18	2016-17
<b>Current tax</b>		
for Current year	77.28	270.23
for Previous years	-	21.28
<b>Deferred tax</b>		
for Current year	137.98	(75.23)
<b>Total</b>	<b>215.26</b>	<b>216.28</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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

₹. in Lakh

Particulars	2017-18	2016-17
Profit before tax from continuing operations	444.35	1,412.30
Income tax expenses calculated at 20.3889% (2016-17-21.3416%)	90.60	301.41
Income exempt from tax	(46.02)	(31.93)
Expenses not deductible in determining taxable profits	32.70	0.75
<b>Total</b>	<b>77.28</b>	<b>270.23</b>

₹. in Lakh

Particulars	2017-18	2016-17
<b>Deferred tax</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Re-measurement of defined benefit obligation	1.25	(0.12)
<b>Total income tax recognised in other comprehensive income</b>	<b>1.25</b>	<b>(0.12)</b>

**Note - 37****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 are 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 amount segments are not allocated to reportable segments.

**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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## 37.1 Segment Reporting

## OPERATING SEGMENTS REVENUE AND RESULTS

Particulars	OPERATING SEGMENTS							
	Sugar		Congeneration		Distillery		Elimination	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenue (Sales/Income)</b>								
External customers (net of excise duties)	20,681.16	21,933.13	2,417.32	1,952.94	5,394.49	7,615.62	28,492.97	31,501.69
Other operating revenue	199.65	173.64	-	-	-	-	199.66	173.65
Excise duty on sales	301.26	1,220.83	-	-	6.69	41.61	307.95	1,262.44
Inter-segment sales	1,850.11	2,569.58	1,484.74	2,063.58	100.19	131.82	(4,764.98)	-
<b>Total</b>	<b>23,032.18</b>	<b>25,897.18</b>	<b>3,902.06</b>	<b>4,016.52</b>	<b>5,501.37</b>	<b>7,789.05</b>	<b>29,000.57</b>	<b>32,937.78</b>
Operating Profit/ (Loss)	(1,978.96)	(278.77)	(133.25)	(339.53)	3,288.94	2,744.62	(3,435.04)	2,126.32
Dividend income	-	-	-	-	-	-	86.95	111.90
Other Unallocated income / (exp)	-	-	-	-	-	-	30.40	30.39
Finance costs	-	-	-	-	-	-	(199.92)	(44.63)
<b>Profit/(Loss) before tax</b>	<b>(1,978.96)</b>	<b>(278.77)</b>	<b>(133.25)</b>	<b>(339.53)</b>	<b>3,288.94</b>	<b>2,744.62</b>	<b>(649.80)</b>	<b>(811.68)</b>
<b>Tax Expenses</b>							<b>444.35</b>	<b>1,412.30</b>
Current tax	-	-	-	-	-	-	77.28	270.23
Previous year tax	-	-	-	-	-	-	-	21.28
Deferred tax	-	-	-	-	-	-	-	(75.23)
<b>Total Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229.09</b>	<b>1,196.02</b>
<b>Net Profit after tax</b>	<b>20,477.74</b>	<b>23,041.02</b>	<b>6,903.95</b>	<b>6,886.32</b>	<b>5,459.49</b>	<b>5,072.66</b>	<b>32,841.18</b>	<b>35,000.00</b>
<b>Other Information</b>							<b>4,811.25</b>	<b>5,031.25</b>
Segment Assets	-	-	-	-	-	-	<b>37,652.43</b>	<b>40,031.25</b>
Unallocated Corporate Assets	-	-	-	-	-	-	10,001.51	9,987.52
<b>Total Assets</b>	<b>8,339.44</b>	<b>8,977.02</b>	<b>1,496.98</b>	<b>715.17</b>	<b>165.09</b>	<b>295.33</b>	<b>23,688.91</b>	<b>25,600.32</b>
Segment Liabilities	-	-	-	-	-	-	102.77	942.77
Unallocated Corporate Liabilities	-	-	-	-	-	-	72.66	154.09
<b>Total Liabilities</b>	<b>62.47</b>	<b>163.52</b>	<b>4.21</b>	<b>93.99</b>	<b>36.08</b>	<b>685.26</b>	<b>175.43</b>	<b>1,096.86</b>
Capital Expenditure	-	-	-	-	-	-	1,331.51	1,420.58
Unallocated capital expenditure	-	-	-	-	-	-	54.10	42.30
<b>Total Capital Expenditure</b>	<b>568.38</b>	<b>651.77</b>	<b>511.29</b>	<b>552.50</b>	<b>251.84</b>	<b>216.31</b>	<b>1,385.61</b>	<b>1,462.88</b>
Depreciation	-	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non cash item	-	-	-	-	-	-	-	-
Unallocated non cash item	-	-	-	-	-	-	-	-
<b>Total Non cash item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 37.2 Geographical Information

Particulars	Rest of the world			India			Total	
	2017-18		2016-17	2017-18		2016-17	2017-18	2016-17
	-	-	-	29,000.57	32,937.78	29,000.57	32,937.78	32,937.78
Segment Revenue	-	-	-	17,846.68	19,152.36	17,846.68	19,152.36	19,152.36
Non-current asset \$	-	-	-	-	-	-	-	-

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****Note - 38****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 ₹.113.63 Lakh (2016-17 ₹.111.79 Lakh) for provident fund contribution and for superannuation fund contribution of ₹. 7.80 lakh (2016-17 ₹. 6.58 lakh) in the statement of Profit or loss. The contributions 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, 2018 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 Company 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 return on any particular investment which is 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 exposed 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 Profit and loss Account.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹. in Lakh

Particulars	GRATUITY (FUNDED)	
	2017-18	2016-17
<b>Present value of obligations at the beginning of the year</b>	<b>398.96</b>	<b>326.64</b>
Current service cost	67.64	82.30
Interest Cost	32.12	26.68
Re-measurement (gains) / losses:		
- Actuarial gains and losses arising from change in financial assumption	(13.84)	17.51
- Actuarial gains and losses arising from experience adjustment	(4.37)	(13.04)
Benefits paid	(27.90)	(41.13)
<b>Present value of obligations at the end of the year</b>	<b>452.60</b>	<b>398.96</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>326.62</b>	<b>309.19</b>
Interest income	25.85	23.78
Return on plan assets	(12.68)	3.95
Contributions by the employer	85.78	30.84
Benefits paid	(27.90)	(41.13)
<b>Fair value of plan assets at the end of the year</b>	<b>397.68</b>	<b>326.62</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	452.60	398.96
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	(19.11)	(29.51)
<b>Fair value of plan assets at end of the year</b>	<b>397.68</b>	<b>326.62</b>
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>35.82</b>	<b>42.82</b>
Components of defined benefit cost recognized in profit or loss		
Current service cost	67.64	82.30
<b>Net interest expenses</b>	<b>32.12</b>	<b>26.68</b>
<b>Net cost in Profit or Loss</b>	<b>99.76</b>	<b>108.98</b>
<b>Components of defined benefit cost recognized in Other Comprehensive income</b>		
Re-measurement on the net defined benefit liability:		
- Actuarial gains and losses arising from change in financial assumption	(13.84)	17.51
- Actuarial gains and losses arising from experience adjustment	(4.37)	(13.04)
<b>Return on plan assets</b>	<b>12.68</b>	<b>(3.95)</b>
<b>Net Cost</b>	<b>(5.53)</b>	<b>0.53</b>
<b>Less: Allocation to Associate Company under common gratuity trust</b>	<b>(1.92)</b>	<b>0.18</b>
<b>Net Cost in other Comprehensive Income</b>	<b>(3.61)</b>	<b>0.35</b>

Particulars	2017-18	2016-17
<b>Assumptions</b>		
Discount rate	7.71%	7.27%
Expected rate of salary increase	6.50%	6.50%
Expected rate of attrition	2.00%	2.00%
Average age of members	40.10	39.60
Average remaining working Life	14.10	14.50
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 CONSOLIDATED FINANCIAL STATEMENTS****Note (i) Experience Adjustments**

₹. in Lakh

Particulars	For the period ending		
	31-Mar-16	31-Mar-17	31-Mar-18
(Gain) / Loss on Plan Liabilities	(40.19)	(13.04)	(4.37)
% of Opening Plan Liabilities	-11.60%	-3.99%	-1.10%
Gain / (Loss) on Plan Assets	0.75	3.95	(12.68)
% of Opening Plan Assets	0.24%	1.28%	-3.88%

**Notes :**

- (a) Experience adjustment has been provided only to the extent of details available.
- (b) Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- (c) 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.
- (d) 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.
- (e) The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹. 35.82 lakh (as on 31 March, 2017 ₹. 56.27 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 Lakh

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Discount rate			
- 0.50% increase	(16.61)	(15.48)	(12.80)
- 0.50% decrease	17.70	16.36	13.69
Salary growth rate			
- 0.50% increase	17.70	16.36	13.69
- 0.50% decrease	(16.61)	(15.48)	(12.80)
Attrition rate			
- 0.50% increase	2.26	1.48	1.31
- 0.50% decrease	(2.44)	(1.64)	(1.40)

**NOTE 39****EARNINGS PER SHARE**

Particulars	2017-18	2016-17
Basic Earnings per share (₹.)	0.28	1.44
Diluted Earnings per share (₹.)	0.28	1.44

**39.1 Basic Earnings per share**

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

Profit after Taxation (₹. In Lakh)	229.09	1,196.02
Earnings used in the calculation of basic earnings per share (₹. lakh)	229.09	1,196.02
Number of equity shares of 10 each outstanding at the beginning of the year	8,28,88,580	8,28,88,580
Number of equity shares of 10 each outstanding at the end of the year	8,28,88,580	8,28,88,580
Weighted Average number of Equity Shares	8,28,88,580	8,28,88,580

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 39.2**
**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 Lakh

Earnings used in the calculation of basic earnings per share	229.09	1,196.02
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	229.09	1,196.02

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 - 40**
**40.1 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:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Equity</b>	<b>13,963.52</b>	<b>14,430.93</b>	<b>13,783.28</b>
Debt	5,336.04	8,656.68	12,036.12
Cash and cash equivalents	(264.87)	(172.48)	(1,515.81)
<b>Net debt</b>	<b>5,071.16</b>	<b>8,484.19</b>	<b>10,520.32</b>
<b>Total capital (Equity + Net debt)</b>	<b>19,034.68</b>	<b>22,915.13</b>	<b>24,303.60</b>
Net debt to capital ratio	0.27	0.37	0.43

**40.2 Categories of financial instruments**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial assets</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
a) Mandatorily measured:			
i) Equity instruments and Mutual Funds	2,096.37	1,938.49	1,761.72
<b>Measured at amortised cost</b>			
i) Cash and bank balances	319.15	313.83	1,690.12
ii) Other financial assets			
<b>Measured at FVTOCI</b>			
i) Investments in equity instruments and others designated upon initial recognition	5.25	5.25	5.25
<b>Measured at cost</b>			
i) Investments in equity instruments in subsidiaries and associate	1,201.90	1,201.90	1,201.90
<b>Financial liabilities</b>			
Measured at amortised cost	3,605.09	5,432.81	8,419.28
Measured at FVTPL	-	246.52	586.53



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****41.1 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.

**41.2 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 2018.

Particulars	Carrying amount	Upto 1 year	Between 1-3 years	More than 3 years	Contracted cash flows
Non interest bearing	17,163.68	7,433.34	-	-	7,433.34
Fixed Interest rate instruments	2,720.40	1,730.97	959.07	30.36	2,720.40
<b>Total</b>	<b>19,884.08</b>	<b>9,164.31</b>	<b>959.07</b>	<b>30.36</b>	<b>10,153.74</b>

The table below provides details of financial assets as at 31 March 2018:

Particulars	Carrying amount
Trade receivables	1,783.36
Other Financial assets	4,050.66
<b>Total</b>	<b>5,834.02</b>

**41.3 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*			Fair value hierarchy	Valuation techniques & Key inputs used
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016		
1) Investment in quoted equity instruments at FVTPL	2,096.37	1,938.49	1,761.72	Level 1	Refer Note 2 below
2) Financial liabilities	(22.72)	(20.83)	(19.09)	Level 2	Refer Note 2 below

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**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)

Particulars	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Financial assets at amortised cost:							
Trade receivables	Level 2	1,783.36	1,783.36	1,398.54	1,398.54	928.42	928.42
Cash and cash equivalents	Level 2	264.87	264.87	172.48	172.48	1,515.81	1,515.81
Bank balances other than cash and cash equivalents	Level 2	54.28	54.28	141.35	141.35	174.31	174.31
Other financial assets	Level 2	433.24	433.24	376.45	376.45	603.08	603.08

Particulars	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities							
Financial liabilities at amortised cost:							
Borrowings	Level 2	12,869.56	12,009.82	15,396.62	14,555.43	17,369.62	16,567.92
Trade payables	Level 2	7,549.66	7,549.66	5,419.88	5,419.88	3,286.27	3,286.27
Other financial liabilities	Level 2	2,055.55	2,055.55	3,515.86	3,515.86	3,967.77	3,967.77

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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note - 42

## Related Party Disclosure for the year ended March 31, 2018

Holding / Investing / Promoter Group (HC)	-	Parvathi Trading & Finance Co.Pvt. Ltd.
Wholly Owned Subsidiary Company (SC)	-	Kothari International Trading Limited
Associate Company (AC)	-	Kothari Petrochemicals Limited
Key Managerial Personnel (KMP)	-	Mr.Arjun B Kothari, Managing Director
Relative of KMP	-	Mrs.Nina B Kothari, Chairperson

₹. in Lakh

Nature of Transactions	Parvathi Trading & Finance Co.Pvt. Ltd (Holding Company)		Kothari International Trading Limited (Wholly owned Subsidiary Company)		Kothari Petrochemicals Limited (Associate Company)		Nina B Kothari (Chairperson) Relative of KMP		Nayanthara B Kothari (Relative of KMP)		Arjun B Kothari Managing Director (KMP)		Parties with Significant influence & Joint Control (Direct and Indirect)							
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	Century Foods Pvt. Limited		Kothari Safe Deposit Limited		Kothari Biotech Limited		HCK Educational and Development Trust	
													2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Lease In	-	-	-	-	-	-	-	-	-	-	-	-	25.10	21.43	-	-	-	-	-	-
Electricity charges	-	-	-	-	-	-	-	-	-	-	-	-	4.17	3.78	1.10	1.41	-	-	-	-
Travel and other reimbursements	-	-	-	7.44	-	-	-	-	-	-	-	-	-	-	5.46	4.30	-	-	-	-
Renting of Services (AMC andTech fee)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Material purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	290.93	-	-	-	-	-	-	13.42	-	0.12	0.07	-	0.38	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	1.10	-	-	-	-	-	-	-	-	-	-	-	-
Management Consultancy service	-	-	-	-	-	-	-	5.00	-	-	-	-	-	-	-	-	-	-	-	-
CSR expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance - Debit / (Credit)																				
Term Loans	(821.20)	(821.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,533.44)	(1,533.44)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Note - 43**

Particulars	2017-18	2016-17	2015-16
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	25.96	30.80	-
<b>Other monies for which the Company is contingently liable</b>			
a) Bank Guarantees issued for loans from Sugar Development Fund	243.34	1,016.77	1,016.77
b) Disputed Excise Duty and Customs demands (out of which ₹. 97.14 lakhs (2017 - ₹. 97.14 lakhs) have been deposited under protest.	865.09	753.42	753.50
c) Disputed electricity matters	997.37	838.76	1,967.35
d) Disputed Urban land tax.	19.25	19.25	46.43

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

**Note - 44**
**First-time adoption of Ind AS reconciliation**
**44.1 Reconciliation of total equity as at March 31, 2017 and April 01, 2016**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)	As at April 01, 2016 (Date of transition presented under previous GAAP)
<b>Total Equity (Shareholder's funds) under previous GAAP</b>		13,954.63	13,065.81
Fair valuation of Investments under Ind AS (net of tax)	a	83.36	1.91
Redeemable Preference Shares transferred to other financial liabilities		-	(87.50)
Deemed Equity (interest free loans)		-	-
Effect of Interest free loans		796.56	796.56
Interest impact on deferred interest free rent deposit		(0.73)	1.01
Deferred revenue on Interest free rent deposit		1.58	-
Effective interest impact on long borrowings		10.98	5.15
Impact of Interest free loan from Holding co. and others		33.66	-
Recognition of deferred taxes using the balance sheet approach under Ind AS		(449.10)	0.34
Total Adjustment to Equity		476.30	717.47
<b>Total Equity under Ind AS</b>		<b>14,430.93</b>	<b>13,783.28</b>

**44.2 Reconciliation of total comprehensive income for the year ended March 31, 2017**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)
<b>Profit as per previous GAAP</b>		1095.57
Adjustments:		
Fair valuation of Investments through (FVTPL)		81.45
Interest impact on deferred interest free rent deposit		(1.74)
Deferred revenue on Interest free rent deposit		1.58
Effective interest rate impact on borrowings		5.83
Impact of Interest free loan from Holding co. and others		33.66
Transfer of actuarial gain to other Comprehensive Income	b	(0.35)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Deferred tax adjustment	c	(19.98)
<b>Total effect of transition</b>		<b>100.46</b>
Profit for the year as per Ind AS		1,196.03
Other Comprehensive income for the year (net of tax)		0.23
<b>Total Comprehensive income under Ind AS</b>		<b>1,196.25</b>

**Note :** Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP

**44.3 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017**

Particulars	Previous GAAP	Effect of transition of Ind AS	Ind AS
Net cash flow from operating activities	2,559.91	(93.94)	2,465.97
Net cash flow from investing activities	(1,024.03)	1.89	(1,022.14)
Net cash flow from financing activities	(2,879.20)	92.06	(2,787.14)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,343.32)</b>	<b>0.00</b>	<b>(1,343.32)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,516.71</b>	<b>1,515.81</b>	<b>1,515.81</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>173.38</b>	<b>172.48</b>	<b>172.48</b>

**44.4 DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY THE SCHEDULE III**

a) as at the year ended March, 31 2018

Name of the entity in the Group	Net Asset		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹. Lakh	As % of consolidated profit or loss	Amount ₹. Lakh	As % of consolidated other comprehensive income	Amount ₹. Lakh	As % of consolidated total comprehensive income	Amount ₹. Lakh
<b>Parent Company</b>								
Kothari Sugars and Chemicals Limited	88%	12,335.60	23%	51.67	100%	(2.36)	22%	49.31
<b>Subsidiary - Indian</b>								
Kothari International Trading Limited	*	22.30	-8%	(17.90)	-	-	-8%	(17.90)
<b>Associate - Indian</b>								
Kothari Petrochemicals Limited	11%	1,605.61	85%	195.32	-	-	86%	195.32
<b>Minority Interest in all subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>13,963.52</b>	<b>100%</b>	<b>229.09</b>	<b>100%</b>	<b>(2.36)</b>	<b>100%</b>	<b>226.73</b>

\* Less than 1%

**44.5 NOTES TO THE RECONCILIATIONS****a) Current Investments as FVPTL**

Under the previous GAAP, investments were measured at cost less diminution in value which temporary. Under Ind AS these financial assets have been classified as FVTPL. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in carrying amount ₹. 81.45 lakhs as at March 31, 2017 and ₹.1.91 lakhs as at April 01, 2016. These changes affect profit before tax or total profit for the year ended March 31, 2017 because the investments have been classified as FVTPL.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**b) Actuarial gains and losses**

Under previous GAAP, actuarial gains and loss were recognized in profit or loss account. Under Ind AS the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognised in the other comprehensive income under Ind AS instead of profit or loss. The actuarial gain for the year ended March 31, 2017 were ₹. 0.35 lakh and the tax effect thereon ₹. 0.12 lakh. This change does not affect total equity, but there is decrease in profit before tax of ₹. 0.35 lakh, and in total profit of ₹. 0.23 lakh for the year ended March 31, 2017.

**c) Deferred taxes**

Under the previous GAAP, deferred taxes were to be accounted on timing differences arising between the accounting profit and tax profit. However, such method has been replaced with Balance Sheet approach in Ind AS, wherein deferred taxes are to be accounted for the differences arising between the accounting balance sheet and tax balance sheet. Accordingly, deferred taxes has been accounted for such temporary differences.

**45. Approval of financial statements**

The financial statements were approved by the Board of Directors on May 28, 2018

46. 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 P.Chandrasekar, LLP**  
 Chartered Accountants  
 (FRN : 000580S/S200066)

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

Place : Chennai  
 Date : May 28, 2018

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

**Arjun B Kothari**  
 Managing Director

**R.Prakash**  
 Company Secretary

**P.S.Gopalakrishnan**  
 Director

**R.Krishnan**  
 Chief Financial Officer

## Form AOC-I

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

Statement containing salient features of the Financial Statement of Subsidiaries /  
Associate Companies / Joint Ventures

## Part "A": Subsidiaries

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

Sl. No.	Name of the subsidiary	Kothari International Trading Limited (KITL)
1	The date since when subsidiary was acquired	05.01.1995
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries .	Not Applicable
4	Share capital	100.00
5	Reserves & surplus	(77.70)
6	Total assets	22.59
7	Total Liabilities	22.59
8	Investments	-
9	Turnover	1.62
10	Profit before taxation	(17.90)
11	Provision for taxation	-
12	Profit after taxation	(17.90)
13	Proposed Dividend	None
14	Extent of shareholding %	100%
<b>Notes :</b>		
a	Names of subsidiaries which are yet to commence operations	None
b	Names of subsidiaries which have been liquidated or sold during the year.	None



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

Sl. No.	Name of the Associate	Kothari Petrochemicals Limited (KPL)
1	Latest audited Balance Sheet Date	31st March 2018
2	Date on which the Associate was associated or acquired	29-10-1996
3	Shares of Associate held by the company on the year end	
	(a) No. of Shares	1,20,19,000
	(b) Amount of Investment in Associates (₹.in lakhs)	1,201.90
	(c) Extent of Holding %	20.42
4	Description of how there is significant influence	Extent of holding in equity capital of associate exceeding the prescribed limit of 20%
5	Reason why the associate is not consolidated	Consolidated
6	Networth attributable to Shareholding as per latest audited Balance Sheet (₹.in lakhs)	1,605.61
7	Profit / Loss for the year (₹.in lakhs)	195.32
	(i) Considered in Consolidation (₹.in lakhs)	Yes
	(ii) Not Considered in Consolidation (₹.in lakhs)	No
<b>Notes :</b>		
a	Names of associates or joint ventures which are yet to commence operations	None
b	Names of associates or joint ventures which have been liquidated or sold during the year.	None

Consequent to the notification under the Companies Act, 2013, the financial statements for the year ended 31<sup>st</sup> March 2018 are prepared under revised Schedule III. Accordingly, the previous year figures have also been reclassified to conform to this year's classification

For and on behalf of the Board

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

**Arjun B Kothari**  
 Managing Director

**P.S.Gopalakrishnan**  
 Director

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

Place : Chennai  
 Date : May 28, 2018

**R.Prakash**  
 Company Secretary

**R.Krishnan**  
 Chief Financial Officer



**KOTHARI SUGARS AND CHEMICALS LIMITED**  
CIN : L15421TN1960PLC004310  
Regd. Office: "Kothari Buildings" No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034.  
Phone No. 044- 30281595 / 30225507 / Fax No. 044-28334560  
Email: secdept@hckgroup.com / Website: www.hckotharigroup.com/kscl

### ATTENDANCE SLIP

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

1. I hereby record my presence at the 57<sup>th</sup> Annual general meeting of the company, held on Tuesday the 31<sup>st</sup> day of July 2018 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.
2. Signature of the Shareholder/Proxy Present.
3. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/Proxy holder desiring to attend the meeting may bring his/her any identity proof and copy of Annual Report for reference at the meeting.

### E - VOTING PARTICULARS

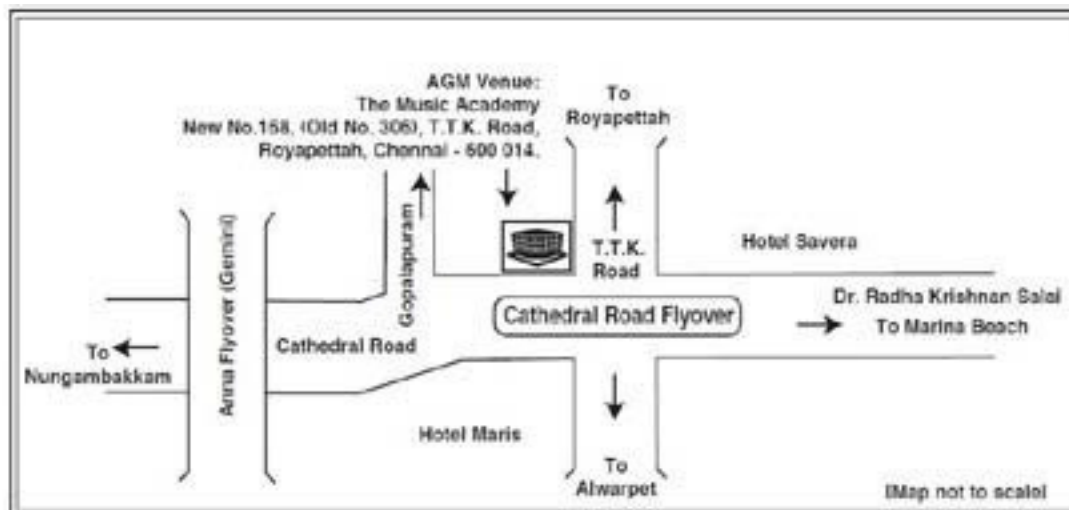
EVS (Electronic Voting Sequence Number)	USED ID	PASSWORD
180628012	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Friday, 27 <sup>th</sup> July, 2018 at 9.00 A.M.	Monday, 30 <sup>th</sup> July 2018 at 5.00 P.M.

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

**Route map for the venue of AGM of Kothari Sugars & Chemicals Limited  
to be held on Tuesday 31<sup>st</sup> July 2018 at 10.30A.M.**





# KOTHARI SUGARS AND CHEMICALS LIMITED

CIN : L15421TN1960PLC004310

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

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

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

Form No. MGT 11

## PROXY FORM

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

CIN : L15421TN1960PLC004310

Name of the company : KOTHARI SUGARS AND CHEMICALS LIMITED

Registered office : KOTHARI BUILDINGS, NO.115, NUNGAMBAKKAM HIGH ROAD, CHENNAI - 600 034.

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

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

- Name .....  
Address .....  
Email-Id.....  
Signature..... or failing him/her
- Name .....  
Address .....  
Email-Id.....  
Signature..... or failing him/her
- Name .....  
Address .....  
Email-Id.....  
Signature..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 57<sup>th</sup> Annual General Meeting of the company, to be held on Tuesday the 31<sup>st</sup> day of July, 2018 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statement and the report of Auditors thereon		
2.	Re-appointment of Mr.Arjun B Kothari who retires by rotation		
Special Business			
3.	Ratification of Remuneration to Cost Auditor		
4.	Appointment of Mr.M.Silvester Goldwin as whole Time Director of the Company		
5.	Appointment of Mr.C.V.Krishnan as Independent Director of the Company		
6.	Re-appointment of Mr.P.S.Balasubramaniam, Independent Director of the Company		
7.	Re-appointment of Mr.V.R.Deenadayalu, Independent Director of the Company		
8.	Re-appointment of Mr.P.S.Gopalakrishnan, Independent Director of the Company		

Signed this ..... day of July, 2018.

Signature of shareholder

(Signature of first proxy holder)

(Signature of second proxy holder)

(Signature of third proxy holder)

Affix  
₹1  
Revenue  
Stamp

### Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

If undelivered, please return to:

**KOTHARI SUGARS AND CHEMICALS LIMITED**

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