

July 09, 2019

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

Dear Sirs,

Stock Code - **KOTARISUG**

**Sub: 58<sup>th</sup> Annual Report of the Company and e-voting process of Kothari Sugars and Chemicals Limited for the financial year 2018 - 2019.**

1. Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Annual Report along with the Notice convening the 58<sup>th</sup> Annual General Meeting of the Company is enclosed.
2. Further, we wish to inform that in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company shall provide to its members the facility to exercise their votes electronically for transacting the items of business as set out in the Notice convening the 58<sup>th</sup> Annual General Meeting of the Company.
3. The Company has entered into an arrangement with Central Depository Services (India) Limited, CDSL for facilitating e-voting through their e-voting platform i.e. [www.evotingindia.com](http://www.evotingindia.com).
4. The dispatch of annual reports to the shareholders of the company has been commenced on Tuesday, 09<sup>th</sup> July, 2019.
5. Proof of commencement of dispatch is enclosed for your records.
6. Kindly take the same on your record and display the same on the website of the Stock Exchange.

Thanking You,

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



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

Encl: as above



# ***Kothari***

SUGARS AND CHEMICALS LTD

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

**58<sup>th</sup> Annual Report 2018 - 19**





## **Bhadrashyam H Kothari**

11.11.1961 - 22.02.2015



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

**CORPORATE INFORMATION**

**Board of Directors**

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

**Company Secretary**

R. Prakash

**Chief Financial Officer**

R. Krishnan

**Statutory Auditors**

P.Chandrasekar LLP  
 Chartered Accountants, Flat 4A, 4<sup>th</sup> Floor  
 Dixit Griha Apartments, 10-11 Nyniappan Street  
 R.A. Puram, Chennai - 600 028.

**Internal Auditors**

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

V.P.Mukundan & Associates  
 Chartered Accountants  
 No. 29/2, IV Trust Cross Street  
 Raj Kamal Apartments, I Floor  
 Mandavalipakkam, Chennai - 600 028.

**Cost Auditor**

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

**Secretarial Auditor**

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

**Legal Advisors**

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

**Registered Office**

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

**Registrar & Share Transfer Agents**

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

**Listing**

The National Stock Exchange of India Limited (NSE)

<b>Stock Code</b>	<b>KOTARISUG</b>
<b>ISIN</b>	<b>INE419A01022</b>
<b>CIN</b>	<b>L15421TN1960PLC004310</b>

**Manufacturing Units**

**Kattur**

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

**Sathamangalam**

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

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## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
<b>PROFITABILITY ITEMS</b>					
Gross Income (net of Excise Duty)	34,956	29,218	32,195	25,325	35,131
PBDIT	4,732	3,320	4,153	2,449	2,050
Depreciation	1,281	1,386	1,463	1,464	1,598
Profit / (Loss) Before Interest & Tax	3,451	1,934	2,691	985	452
Finance Cost	704	650	811	709	486
Exceptional Items (Debit)	465	1,018	622	-	-
Profit / (Loss) Before Tax	2,281	267	1,257	277	(35)
Income Tax	507	81	284	3	425
Deferred Tax	503	138	(75)	156	(5)
Profit/ (Loss) After Tax	1,271	48	1,048	118	(454)
<b>BALANCE SHEET ITEMS</b>					
Net Fixed Assets (incl. CWIP)	16,787	17,845	19,151	19,482	20,903
Investments	4,824	3,298	1,962	1,785	1,836
Other Current / Non current assets	17,808	16,482	17,698	16,678	13,071
Total Capital Employed	34,595	34,327	36,849	36,160	33,974
Shareholders Funds	15,206	13,937	13,212	12,592	12,107
<b>OTHERS</b>					
Book Value per share (₹)	18	17	16	15	15
EPS (₹)	1.53	0.06	1.26	0.14	(0.55)

## NOTICE TO THE MEMBERS

Notice is hereby given that the 58<sup>th</sup> Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Wednesday, 07<sup>th</sup> August 2019 at 10.00 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 the Audited financial statements of the Company for the financial year ended March 31, 2019, the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of Re.0.50/- paise (Rupees Fifty paise only) per equity share of the face value of ₹ 10/- for the financial year 2018-19.
3. To appoint a Director in the place of Mrs. Nina B Kothari, (DIN 00020119) who retires by rotation and being eligible offers herself for re-appointment.

### Special Business:

#### 4. Ratification of Remuneration to Cost Auditor

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

“**Resolved that** subject to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 if any and Companies (Audit & Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus applicable taxes and re-imbursalment 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 2019-2020, be and is hereby ratified and confirmed.”

#### 5. Re-appointment of Mr.Arjun B Kothari, as Managing Director of the Company

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

“**Resolved that** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification or re-enactment thereof, approval of the members of the company be and is hereby accorded to the re-appointment of Mr.Arjun B Kothari (DIN 07117816 as the Managing Director of the company for a period of three years with effect from 01<sup>st</sup> September 2019 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 re-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:

₹ 5,00,000/- (Rupees Five Lakhs) 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, subject to prevailing rules and regulations.

#### (d) Annual Performance Commission:

The annual performance Commission shall be decided by the Nomination & Remuneration Committee and Board of Directors from time to time which will be in addition to the salary, perquisites and contributions etc. mentioned above.

“**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 Managing Director, the above remuneration, and annual performance commission 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.”

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

Place : Chennai  
Date : May 21, 2019

**R. Prakash**  
Company Secretary

**Important Notes**

- a) **The Register of Members and Share Transfer books will remain closed from Thursday, the 01<sup>st</sup> August, 2019 to Wednesday, 7<sup>th</sup> August, 2019 (both days inclusive) on account of the Annual General Meeting and determining the entitlement of the Shareholders to the Dividend for the year 2018-19.**
- 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. 10.00 a.m. on Monday, 5<sup>th</sup> August 2019. 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) The Board of Directors at its meeting held on 21<sup>st</sup> May, 2019 recommended a Dividend at the rate of 5% i.e., Re.0.50/- paise per equity Share of ₹ 10/- each for the financial year 2018 - 2019. The Dividend would be paid by not later than 4<sup>th</sup> September, 2019 to those shareholders whose names stand on Register of Members as of the close of business hours on Wednesday, 31<sup>st</sup> July 2019, if declared. Dispatch of Dividend warrants / Demand Drafts / ECS credit would be completed by 4<sup>th</sup> September 2019.

- i) 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 shareholders are entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Companies Act, 2013.

Sl. No.	Nature of Dividend	Financial Year	Date of Declaration of Dividend	Due Date for Transfer to IEPF on
(i)	Final Dividend	2013-14	03.09.2014	09.10.2021
(ii)	Final Dividend	2016-17	08.09.2017	14.10.2024

- j) 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 and 2016-17, as on the date of the 57<sup>th</sup> Annual General Meeting (AGM) held on 31<sup>st</sup> July, 2018 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."
- k) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NACH / NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Share Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advice the above changes and Transmission of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- l) 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 include, 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. 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. In this connection, the Company has already issued three reminders to all shareholders, who have not updated their PAN and Bank account details of first and sole shareholders of the Company. Once again, the members are advised to update the details with RTA.
- m) Further, the Company draws your attention to the notification issued by SEBI dated June 08, 2018 and the press release dated 3<sup>rd</sup> December 2018 amending Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the amended provisions, any request for effecting transfer of shares in physical form shall not be processed except in case of transmission or transpositions of shares unless the shares are held in demat form. Hence, the Company / Registrar and Share Transfer Agent would not be in a position to accept / process the requests for transfer of shares held in physical form with effect from 01.04.2019. Therefore, the Company advises you to take immediate steps for dematerializing your shareholding in the Company. You may be aware holding shares in dematerialized form offers lots of benefits like enhanced security, ease of handling, faster transfers and eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the shares hassle-free, kindly take steps for dematerializing the shares at the earliest.
- n) 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.
- o) 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 abovementioned transactions.
- p) **The shareholders are expected to send their queries on financial statement / other reports of Annual Report to the Company in the email id [secdept@hckgroup.com](mailto:secdept@hckgroup.com), at least 3 days before the date of meeting, so that the requisite information/ explanations can be provided on time.**
- q) 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).
- r) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this Notice.
- s) Electronic copy of the Notice and Annual Report of the 58<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 58<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.
- t) Members may also note that the Notice of the 58<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 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 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:

- i) Log in 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. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name 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. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

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

- vii) After entering these details appropriately, click on “SUBMIT” tab.
- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares 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 printout of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have 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 (alagarcs@gmail.com) and RTA (murali@cameoindia.com) with a copy marked to 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 or contact Phone No. 022-22723333.
- xviii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play store, iPhone and windows phone users can download the app from the App Store and the Windows Phone Stores respectively.

#### 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 Saturday, 3<sup>rd</sup> August 2019 at 9.00 A.M. and ends on Tuesday, 6<sup>th</sup> August, 2019 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. Wednesday, 31<sup>st</sup> July, 2019 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- c) The voting rights of a member shall be in proportion to his shares in the paid up equity share capital of the

Company as on the cut-off date of i.e. Wednesday, 31<sup>st</sup> July, 2019.

- d) Mr. M. Alagar of M/s. M. Alagar & Associates, (M.No.7488 / CP No.8196) Practising Company Secretaries, Chennai, has been appointed as Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- e) The Scrutinizer shall, immediately after the conclusion of voting 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 scrutiniser'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.
- f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl) and website of CDSL <http://www.evotingindia.com> and also forward the same to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.
- g) Route Map showing directions to reach to the venue of the 58<sup>th</sup> Annual General Meeting is given at the end of this Notice 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. 4

The Audit Committee and the Board of Directors of the Company at their meetings held on 21<sup>st</sup> May, 2019 appointed Mr.K.Suryanarayanan, Cost Accountant, as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2019-20.

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. 4 of the Notice to ratify the remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2019-20 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 21<sup>st</sup> May, 2019.

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

In terms of Regulation 17(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company recommends passing of the Resolution set out in Item No. 4 to the shareholders of the Company.

**Item No. 5**

Mr.Arjun B Kothari, son of Late Shri B H Kothari aged about 27 years, has a Bachelor of Science (Education and Social Policy) degree from the Northwestern University, Evanston, Illinois, United States of America and Science PO (Global Health & European Politics Focus) from Paris, France. He worked in General Electric Company, USA as a Senior Specialist in the Management Development Rotation Program. He has also held various positions during his studies in USA which includes off-campus senator at Northwestern University, Evanston, USA and Research Assistant at Kellogg School of Management at Northwestern University, Evanston, USA.

Mr.Arjun B Kothari was appointed as Managing Director for a period of five years with effect from 8<sup>th</sup> April 2015. The Board of Directors, on the recommendation of Nomination and Remuneration Committee at its meeting held on May 21, 2019 recommended the re-appointment of Mr.Arjun B Kothari as Managing Director and Whole Time Key Managerial Person (KMP) of the company for a period of three years with effect from 1<sup>st</sup> September 2019 on a remuneration as set out in item number 5 of this notice to the Shareholders of the Company. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mr.Arjun B Kothari as a candidate for the office of Director of the Company. Mr.Arjun B Kothari has not drawn any remuneration so far, since his appointment.

The Nomination & Remuneration Committee and the Board are satisfied about his positive attributes, quality and willingness to shoulder the responsibilities and consider him to be a good resource to the company based on his experience, qualification, family and business background. The Board of Directors also noted the contribution made by Mr.Arjun B Kothari, during his tenure as the Managing Director.

**Statement pursuant to Section II of Part II of Schedule V of the Companies Act, 2013**

I		General Information			
1	Nature of industry	Kothari Sugars and Chemicals Limited (KSCL) is into manufacturing sugar and its by-products and cogeneration of power with distillery.			
2	Date or expected date of commencement of commercial production	The Company commenced its commercial production from 07 <sup>th</sup> November, 1960.			
3	Financial performance based on given indicators	(₹ in Lakhs)			
		<b>Particulars</b>	<b>FY 2018-19</b>	<b>FY 2017-18</b>	<b>FY 2016-17</b>
		Total Income	34,956	29,526	33,457
		Profit before interest, depreciation and tax	4,732	3,320	4,153
		Net Profit after tax	1,271	48	1,048
	Net worth	15,206	13,937	13,212	
4	Foreign investments or collaborations, if any	Not applicable			
II		Information about the appointee			
1	Background details	Details are provided in the Explanatory Statement under item No. 5.			
2	Past remuneration	<p><b>Mr Arjun B Kothari has not been drawing any remuneration in KSCL.</b> However, the following remuneration in Kothari Petrochemicals Limited as its Managing Director is paid:</p> <p><b>Salary :</b> ₹ 3,50,000/- per month; <b>Commission:</b> 4% of the net profit, subject to the condition that the overall Remuneration payable to him including commission shall not exceed 5% of the net profit of the Company. Other perquisites, annual increment, performance bonus, etc., as per the policy of the Company.</p>			
3	Recognition or awards	Nil			

4	Job profile and his suitability	Kothari Sugars and Chemicals Limited is a Public Company, which has Listed its shares with National Stock Exchange of India Limited. The Company has manufacturing units located at Kattur and Sathamangalam. Mr Arjun B. Kothari was appointed as the Managing Director of the Company on 8 <sup>th</sup> April 2015 as a part of succession planning and due to the sudden demise of Shri.B.H.Kothari, then Chairman and Managing Director of the Company. Considering his dedicated work, business acumen and family background, he is having right capacity to steer the company.
5	Remuneration proposed	As set out in the Resolution and Explanatory Statement
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Considering the profile of Mr.Arjun B. Kothari and current trend of compensation package in Corporates, the remuneration proposed is in line with comparable remuneration levels in the industry and also bear minimum package indicated in the Statute while company make inadequate profits.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mrs.Nina B. Kothari, Chairperson of the Company is relative of Mr.Arjun B. Kothari. Mr.Arjun B. Kothari holds 14,400 equity shares in the Company.
<b>III</b>	<b>Other Information</b>	
1	Reasons of loss or inadequate profits	Sugar industry is per se cyclical with huge swings in production between years. Sugar prices are not steady in the global and local markets. Since sugar and sugarcane are essential commodities and politically sensitive, they are subject to government intervention like export ban/ duty & price fixation etc. Sugarcane availability for the company is impacted by monsoon, flow in cauvery river and water table in the plants' area. The operational area of the company has been severely hit by successive years of drought leading to significant drop in cane planting. Hence cane availability would be continued to be a key challenge for forthcoming years.
2	Steps taken or proposed to be taken for improvement	Company is continuously taking steps to improve its profitability by way of ensuring procurement of maximum possible raw materials and improving recovery.
3	Expected increase in productivity and profits in measurable terms	The Company expects to maintain its present growth rate.

Except Mr.Arjun B Kothari, being the appointee and Mrs.Nina B Kothari relative of appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No. 5. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

In terms of Regulation 17(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company recommends passing of the Resolution set out in Item No. 5 to the shareholders of the Company.

By Order of the Board  
for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : May 21, 2019

**R Prakash**  
Company Secretary

**ANNEXURE TO THE NOTICE**

THE INFORMATION IN RESPECT OF ITEM NO. 3 & 5, IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2 (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ABOUT THE DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER.

Particulars	Item No. 3	Item No. 5
Name of the Director	Nina B Kothari	Arjun B Kothari
Date of Birth	21.07.1962	11.09.1991
Date of First Appointment on the Board	27.05.2014	08.04.2015
Qualification	B A (Economics)	Bachelor of Science, Northwestern University, Evanston, Illinois, United States of America & Global Health and European Politics from Paris Institute of Political Studies, Paris, France.
Experience in specific functional areas	She is holding directorship in H.C. Kothari Group of Companies. She held various positions in prestigious institutions as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM. She was the President of International Women's Association (IWA).	Mr.Arjun B Kothari, is holding directorship in H C Kothari Group of Companies. He also worked in General Electric Company, USA as a senior specialist in the management development rotation programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriated workers.
List of other Public Companies in which Directorship held	a) Kothari Petrochemicals Ltd. b) Kothari Safe Deposits Ltd.	a) Kothari Petrochemicals Ltd. b) Kothari Safe Deposits Ltd.
Chairman/ Member of the Committee of the Board of Director of the Company	<b>Chairperson</b> Corporate Social Responsibility Committee	<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/she is a Director	Kothari Petrochemicals Limited <b>Chairperson</b> a) Corporate Social Responsibility Committee b) Stakeholders Relationship Committee <b>Member</b> a) Nomination and Remuneration Committee b) Investments and Credit Approval Committee	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
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2019	26,83,498 Equity Shares	14,400 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mrs. Nina B. Kothari is the mother of Mr. Arjun B. Kothari, Managing Director of the Company.	Mr. Arjun B. Kothari is son of Mrs. Nina B. Kothari, Chairperson of the Company.
Number of meetings attended during the year.	Please refer Corporate Governance Section.	

## BOARD'S REPORT

### To the Members

Your Directors present the 58<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2019.

### Financial Summary & Highlights of the Company

(₹ in Lakhs)

Financial Performance	2018 - 2019	2017 - 2018
Net Revenue	34,956	29,526
Profit/(Loss) before Interest, Depreciation	4,732	3,320
Interest	704	650
Depreciation	1,281	1,386
Exceptional items	465	1,018
Profit/(Loss) Before Tax	2,281	267
Tax Adjustments including Deferred Tax	1,010	219
<b>Profit / (Loss) after Tax before comprehensive Income</b>	<b>1,271</b>	<b>48</b>
Other Comprehensive Income Net of Tax	-2	-2
Total Comprehensive Income	1,269	46
<b>Appropriations:</b>		
Balance Carried Forward	1,269	46

### Operational Review and State of Affairs

Production Performance	2018 - 2019	2017 - 2018
Cane Crushed (tons)	6,61,729	5,50,416
Sugar Recovery (%)	9.51	9.19
Sugar Produced from cane (Qtls)	6,21,760	5,09,860
Sugar Produced from raw sugar (Qtls)	-	48,580
Alcohol Produced (KL)	15,462	12,925
Power Produced (lakh kwh)	557	499

### Sugar Industry Overview

The global sugar production in the sugar year 2018-19 is expected to be around 186 million MT against last year's production of 194 Million MT. The sugar consumption during 2018-19 sugar year is expected to be 185 million MT against the consumption of 175 million MT previous year. 2019-20 sugar year is also expected to follow the production and consumption pattern of 2018-19. Current sugar years' global sugar consumption growth is expected to be 1.1% against the long term level of 2%.

**India's sugar** production for the Sugar Year 2018-19 is expected to be 33 million MT against previous sugar year production of 32.5 million MT. Though the area under sugar cane cultivation has come down marginally compared to

previous year, the overall sugar production is likely to remain more or less at the same level due to better recovery in the central and northern India. 2019-2020 Sugar year will also be a surplus year for India as the preliminary estimates indicate production of around 33 million MT against the consumption of around 26 million MT.

**Tamil Nadu's** sugar production in the sugar year 2018-19 is expected to be around 0.85 million MT, against last year's production of 0.78 million MT. As the state is severely affected due to failure of monsoon consecutively for seven years, there is no significant improvement in sugarcane cultivation area.

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

Your company has crushed 6,61,729 tons of cane during financial year 2018-19 and produced 6,21,760 quintals of sugar as against cane crushing of 5,50,416 tons and sugar production of 5,09,860 quintals (excludes 48,580 quintals of sugar made from imported raw sugar processing) in the previous year. This increase of around 20% in cane crushing is mainly on account of marginal increase in cane area and sugarcane yield in the mills' command area and additional 50,000 / MT of cane allotted from other sugar mill area. The average Sugar recovery was 9.51% during financial year 2018 -19 as against 9.19% reported in the previous year.

#### Alcohol

The total Alcohol production during financial year 2018 - 2019 was 154.62 Lakh litres as against 129.25 Lakh litres produced in the previous year. The proactive steps taken by the management in procuring molasses from north India has helped to achieve this additional production. Your company got order from Oil Marketing Companies (OMC's) for the supply of 12 lakh litres of Ethanol which will be supplied from June'19 to August'19.

#### Co-generation of Power

The total power generation during financial year 2018-19 was 55.7 million units against 49.9 million units for the corresponding period of 2017-18. This increase of around 11% is because of increase in crushing operation.

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

#### (a) Conservation of Energy

##### Kattur unit

560 kilowatt D.C. drive of first & second mill was replaced with A.C. drive with VFD and commissioned on 22<sup>nd</sup> January 2019.

➤ Energy consumption of old DC drive including blower	:	2.80 kwh / ton of cane
➤ Energy consumption of new system	:	2.22 kwh / ton of cane
➤ Net reduction in energy consumption	:	0.58 kwh / ton of cane
➤ Total cane crushing for the sugar season (from 22/01/2019 to 06/05/2019)	:	2,34,106 MT
➤ Total energy saving (from 22/01/2019 to 06/05/2019)	:	1,35,781 kwh

##### Sathamangalam unit

(i) A variable frequency drive has been installed in the 75 KW sulphured juice pump and commissioned on 22<sup>nd</sup> December 2018.

➤ Energy consumption per month before installation of VFD	:	54,720 kwh
➤ Energy consumption per month after installation of VFD	:	48,240 kwh
➤ Energy saving per ton of cane	:	0.07 kwh / ton
➤ Total energy saving during 2018-19 crushing season	:	32,550 kw

(ii) An automatic on-off level control system has been installed in the de-aerator storage tank and feed water transfer pump. A 45 kw variable frequency drive has been installed in the boiler feed water transfer pump and commissioned on 20<sup>th</sup> December 2018.

➤ energy consumption per month before installation of VFD	:	21,600 kwh
➤ energy consumption per month after installation of VFD	:	9,300 kwh
➤ Energy saving per ton of cane	:	0.13 kwh / ton
➤ Cane crushing for the season 2018-19	:	4.65 lac MT
➤ Total energy saving during 2018-19 crushing season	:	60,450 kwh

(iii) The steam condensate from semi kestner has been directly fed in to the De-aerator avoiding earlier system of passing through the feed water storage tank. With this arrangement, steam consumption in de-aerator has been reduced by 10 MT per day.

**(b) Technology absorption**

Sugar colour at both Kattur and Sathamangalam plants has been improved to below 50 ICUMSA level as against the industry norm of below 100 ICUMSA. This has been achieved through in house R & D efforts. This is one of the best sugar colour achieved through double-sulphitation process in the sugar industry.

**(c) Ongoing projects**

**(i) Ethanol storage tanks:**

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

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

In order to reduce the effluent (spent wash) quantity by 60%, your company is installing a multiple effect evaporator system. Concentrated spent wash from this evaporator system will be utilised for bio-compost manufacturing process. This system is expected to be commissioned by November 2019.

**(iii) Bio - Digester:**

To meet the steam requirement of the proposed multiple effect evaporator system, a new bio-digester is being installed in the distillery unit to generate additional bio-gas by using the spent wash coming out from distillation plant. This additional bio-gas will be used in the boiler to generate additional steam to meet the steam demand of multiple effect evaporator system. This system is expected to be commissioned by November 2019.

**(iv) Poly house shed:**

It is proposed to construct a poly house shed covering an area of 4 acres, to process the bio-compost during monsoon period. This will allow us to operate our distillery plant even during

rainy season subject to availability of molasses. The construction of this shed will be completed by October 2019.

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

(₹ in Lakhs)

Sl. No.	Particulars	2018 - 2019	2017 - 2018
(i)	Total Foreign Exchange earned	-	-
(ii)	Total Foreign Exchange outflow	47.38	1469.49

**Awards and Recognition**

**(a) SISSTA Awards:**

**Kattur unit** has been awarded in the following categories based on 2017-18 operations:

- (i) Best Co-Generation Award for the Tamilnadu Region - Platinum Award.
- (ii) Best Distillery Award for the Tamilnadu Region - Golden Award.

**Sathamangalam unit** has been awarded in the following categories based on 2017-18

**Operations:**

- (i) Best Co-Generation Award for the Tamilnadu Region - Silver Award.
- (ii) Best Sugarcane Development Award for the Tamilnadu Region - Golden Award.

**(b) Bharatiya Sugar Award:**

Sathamangalam unit received “**Best overall performance of Sugar mill**” award from Bharatiya Sugar for the year 2017-18 performance.

**Dividend**

The Board of Directors at its meeting held on 21<sup>st</sup> May 2019 recommended a dividend at the rate of 5% i.e., Re.0.50 paise per equity share of ₹ 10/- each for the financial year ended March 31, 2019. If the dividend is approved by the Members at the ensuing Annual General Meeting to be held on 7<sup>th</sup> August, 2019, it will be paid on or before 4<sup>th</sup> September 2019 to those Members whose names appear in the Company's Register of Members as at the close of business hours on Wednesday, 31<sup>st</sup> July 2019.

**Board Meetings**

During the year 05 Board Meetings and 05 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, 2019 was ₹ 8,288.86 Lakhs. The company has neither issued any shares with differential voting rights nor granted stock options or sweat equity.

### Directors and Key Managerial Personnel

Mrs. Nina B Kothari, (DIN 00020119) Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Mr. Arjun B Kothari, (DIN 07117816) was appointed as Managing Director on 08<sup>th</sup> April 2015 and the Board proposes to reappoint him for three years with effect from 01<sup>st</sup> September 2019 with the remuneration as set out in the Notice of the Company.

Mr. C.V.Krishnan, (DIN 01606522) was appointed as Independent Director w.e.f. 28.05.2018 for a term of five years. Mr. P.S. Balasubramaniam, Mr. V.R. Deenadayalu and Mr. P.S.Gopalakrishnan were reappointed as Independent Directors w.e.f. 01.04.2019 for second term on passing a Special Resolution by the Company in the last Annual General Meeting held on 31.07.2018.

Mr. Arjun B Kothari, Managing Director, Mr. M.Silvester, Whole Time Director, Mr.R.Krishnan, Chief Financial Officer and Mr. R.Prakash, Company Secretary are the Key Managerial Personnel of the Company as per section 203 of the Companies Act, 2013.

### Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015 that the Independent Directors of the Company meet the criteria of their independence laid down in Section 149(6).

During the year under review, the Independent Directors met on February 13, 2019 without the presence of Non-Independent Directors and members of the Management.

### Composition of Audit Committee

The details of composition of Audit Committee are provided in Corporate Governance Report of this Annual Report. The Board has not rejected any proposal / recommendations of Audit Committee during the year.

### Remuneration Policy

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

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

### Vigil Mechanism

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

### Prevention of Insider Trading

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

All the Directors and the designated employees have confirmed compliance with the Code.

### Directors' Responsibility Statement

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

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

### Subsidiary and Associate Companies

During the financial year 2018-19, the Company has divested its entire investments made in M/s. Kothari International Trading Private Limited (KITPL) and also a portion of investment made in M/s. Kothari Petrochemicals Limited (KPL). Due to the said divestment, KITPL is no longer a Subsidiary and KPL is no longer an Associate Company of Kothari Sugars and Chemicals Limited. Accordingly, for the financial year 2018-19, consolidation of accounts with the erstwhile Subsidiary and Associate is not required.

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

#### b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Sugar, Co-gen and Distillery Unit are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Mr. K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Company and the remuneration payable to the Cost Auditor is required to be ratified by the Members in a general meeting. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr. K.Suryanarayanan, Cost Accountant is included at Item No. 04 of the Notice convening this Annual General Meeting.

#### c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014, the Company has appointed Mr. M. Alagar, of M/s. M. Alagar and Associates, Chennai, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is 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 2018 - 2019.

### Significant and Material Orders Passed by the Regulators

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

### Internal Financial Control Systems and their Adequacy

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

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

### Particulars of Loans, Guarantees or Investments

The company has not given any Loans or Guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the 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 has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. Accordingly, the Company periodically submits the Risk Management Review Report to the Board for 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 and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and repetitive in nature. For all the transactions entered pursuant to the omnibus approval so granted, a statement giving details of all such transactions is placed before the Audit Committee for their approvals on a quarterly basis.

**Disclosure about Cost Audit**

Filing of Cost Audit Report	2018-2019	2017-2018
Due Date	27.09.2019	27.09.2018
Actual Date	30.08.2019 (Target)	24.08.2018
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	Nil	Nil

**Listing with Stock Exchanges**

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTARISUG & ISIN INE419A01022. The Company confirms that it has paid the Annual Listing Fees for the year 2019-2020 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.

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

**Annual Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance Evaluation of the Board, its Committee and of individual directors in the format (questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

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

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

**Separate Meeting of Independent Directors**

The Independent Directors of the Company had met during the year to review the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairperson of the Company and also 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.

A report on Corporate Governance is included as a part of this Annual Report. All applicable Secretarial Standards have been complied.

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

### Management Discussion and Analysis Report

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

### Particulars of Employees

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

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

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details: Except Mr.M.Silvester Goldwin, Whole Time Director of the Company, no director was in receipt of remuneration except sitting fees.

Sl. No.	Name	Designation	Ratio
(i)	Mr.M.Silvester Goldwin	Whole Time Director	20.68:1

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

Sl. No.	Name	Designation	Percentage of Increase
(i)	Mr.Arjun B Kothari	Managing Director	No Salary was paid during the year
(ii)	Mr.Silvester Goldwin	Whole Time Director	12%
(iii)	Mr.R.Krishnan	Chief Financial Officer	12%
(iv)	Mr.R.Prakash	Company Secretary	12%

- c) 7.47% increase has been reported in the median remuneration of employees in the financial year.
- d) The number of permanent employees on the rolls of company as on 31<sup>st</sup> Mar 2019: 492
- e) Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:
- Increase of remuneration for employees was in the range of 5% to 20% and for KMP the increase was 12% for the year.*
- f) We affirm that the remuneration paid during the period under review is as per the Remuneration Policy of the company.

### Cautionary Statement

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

### Acknowledgement

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

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

**Nina B. Kothari**  
Chairperson

Place : Chennai  
Date : May 21, 2019

**Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) of Managerial Personnel Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019**

Sl. No	Name	Designation	Qualification	Gross Remuneration (₹ In Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last or previous employment	No. of Equity Shares held	Relative of Director or Manager
1	Silvester Goldwin M	Whole Time Director	B.Tech. (Mechanical)	59.53	Permanent	27-07-1998	51	31	Miltech Engineers	-	NO
2	Krishnan Ranganathan	Chief Financial Officer	B.COM., ICWA (Inter)	29.46	Permanent	23-10-2009	54	33	TTK Ltd.	-	NO
3	Sathiyarayanan D	Head - Tech Services	B.E. (Mechanical) B.O.E., AVSI	27.63	Permanent	01-08-2016	49	27	Prudential Sugars	-	NO
4	Prakash R	Company Secretary	M.com., LLB., FCS	26.83	Permanent	01-05-2010	42	12	Kothari Petrochemicals Ltd.	-	NO
5	Ramachandran.V	General Manager	B.E.(Mechanical) Env. Engineer	22.99	Permanent	19-08-1994	53	29	Veesons Energy Systems	-	NO
6	Karthikeyan P	Manager TLS	B.E. (Instrumentation)	18.61	Permanent	04-06-2007	37	16	Mawana Sugars	6000 Equity Shares	NO
7	Balamurali V	Sr. Manager Marketing	B.Com.	17.58	Permanent	21-04-1985	58	34	-	15 Equity Shares	NO
8	Pushparaj.S	DGM Distillery	M.Sc. Environmental Science	16.40	Permanent	14-08-2000	50	27	Mohan Breweries	-	NO
9	Elamurugan.K	DGM Technical	B.E(MECH)., BOE, M.B.A	15.62	Permanent	11-07-2007	58	26	Dharani Sugars	-	NO
10	Ravichandran.R	AGM Process	B.Sc. (Chemistry) AVSI Sugar Technology	14.54	Permanent	01-12-1995	50	25	New Horizon Sugar Mills	-	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.

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

**as on the financial year ended on 31<sup>st</sup> March 2019**

[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. Phone 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	56.12%
(ii)	Distillery	11019	26.28%
(iii)	Co-gen	35106	3.58%

**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 Kothari Buildings, No.117, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	U65191TN1989 PTC017390	Holding	70.20%	2(46)

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

**i) Category-wise Share Holding**

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoter</b>									
<b>1</b>	<b>Indian</b>									
(a)	Individual / Hindu Undivided Family	27,20,923	-	27,20,923	3.28	27,20,923	-	27,20,923	3.28	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>6,09,07,533</b>	<b>-</b>	<b>6,09,07,533</b>	<b>73.48</b>	<b>6,09,07,533</b>	<b>-</b>	<b>6,09,07,533</b>	<b>73.48</b>	<b>-</b>
<b>2</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>6,09,07,533</b>	<b>-</b>	<b>6,09,07,533</b>	<b>73.53</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.</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	35	290	325	0.00	35	290	325	0.00	-
(b)	Financial Institutions / Banks	2000	33	2033	0.00	0	33	33	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>22,59,498</b>	<b>10,673</b>	<b>22,70,171</b>	<b>2.73</b>	<b>22,57,498</b>	<b>10,673</b>	<b>22,68,171</b>	<b>2.73</b>	<b>-</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	48,78,819	3,884	48,82,703	5.89	46,33,066	3,584	46,36,650	5.59	(0.30)
(b)	Individuals -									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	90,80,323	76,429	91,56,752	11.05	87,23,515	74,865	87,98,380	10.61	(0.44)
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	42,75,084	-	42,75,084	5.16	49,13,404	-	49,13,404	5.93	0.77
(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)	3,01,207	172	3,01,379	0.36	3,29,328	172	3,29,500	0.40	0.04
	(iii) Clearing Members	53,772	0	53,772	0.06	12,606	-	12,606	0.02	(0.04)
	(iv) Hindu Undivided families	10,00,187	-	10,00,187	1.20	9,80,337	-	9,80,337	1.18	(0.02)
	(v) Trusts	25	-	25	0.00	1,025	-	1,025	0.00	-
	(vi) Foreign Nationals	9	-	9	0.00	9	-	9	0.00	-
	<b>Sub-Total (B)(2)</b>	<b>1,96,29,917</b>	<b>80,959</b>	<b>1,97,10,876</b>	<b>23.78</b>	<b>1,96,33,781</b>	<b>79,095</b>	<b>1,97,12,876</b>	<b>23.78</b>	<b>-</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,18,89,415</b>	<b>91,632</b>	<b>2,19,81,047</b>	<b>26.52</b>	<b>2,18,91,279</b>	<b>89,768</b>	<b>2,19,81,047</b>	<b>26.52</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>8,27,96,948</b>	<b>91,632</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,98,812</b>	<b>89,768</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>-</b>
<b>C.</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
	(i) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	(ii) Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8,27,96,948</b>	<b>91,632</b>	<b>8,28,88,580</b>	<b>100.00</b>	<b>8,27,98,812</b>	<b>89,768</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>

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**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	<b>No Changes</b>			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)				
At the end of the year				

**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	16,83,835	2.03	20,78,964	2.51
3	Infotel Business Solutions Limited	-	-	5,45,000	0.66
4	Indsec Sec. & Fin. Ltd.	75,500	0.09	5,43,500	0.66
5	Arizona Global Services Private Limited	-	-	5,40,000	0.65
6	Nehang J Pandya	-	-	2,94,083	0.35
7	Bharati Bharat Dattani	2,30,268	0.28	2,30,268	0.28
8	Sameer Rajaram Gaikwad	2,03,372	0.25	2,03,372	0.25
9	D Kamlesh Kothari	-	-	2,00,000	0.24
10	Venkattu Srinivasan	1,20,000	0.14	1,76,249	0.21

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

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

(\*) Mr.M.Silvester Goldwin was appointed as Whole Time Director with effect from August 01, 2018. Mr.C.V.Krishnan was appointed as Independent Director with effect from May 28, 2018.

**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	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>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	1,297.88	-	-	1,297.88
Reduction	1,908.37	-	-	1,908.37
<b>Net Change</b>	<b>(610.49)</b>	<b>-</b>	<b>-</b>	<b>(610.49)</b>
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	11,813.34	623.15	-	12,436.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	93.69	-	-	93.69
<b>Total (i+ii+iii)</b>	<b>11,907.03</b>	<b>623.15</b>	<b>-</b>	<b>12,530.18</b>

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors	
		Arjun B.Kothari Managing Director	M. Silvester Goldwin Whole Time Director(*)
1	Gross Salary	Nil	40.19
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961		
2	Stock Options / Sweat Equity / Commission (as % of Profit & Others) / Others, Please specify	Nil	Nil
<b>Total (A)</b>			<b>40.19</b>

No remuneration was paid to Managing Director during the year 2018 - 19.

(\*) Mr.M.Silvester Goldwin was appointed as Whole Time Director with effect from August 01, 2018.

**(B) Remuneration to Other Directors**
**1. Independent Directors**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total
		P.S.Balasubramaniam	V.R.Deenadayalu	P.S.Gopalakrishnan	C.V.Krishnan (*)	
1	Sitting fee for attending Board and Committee Meetings	1,40,000	2,20,000	2,30,000	85,000	6,75,000
2	Commission / Others, please specify	-	-	-	-	-
<b>Total (B1)</b>		<b>1,40,000</b>	<b>2,20,000</b>	<b>2,30,000</b>	<b>85,000</b>	<b>6,75,000</b>

(\*) Mr.C.V.Krishnan was appointed as Independent Director with effect from May 28, 2018.

## 2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Name of the Director	
		Mrs. Nina B Kothari	Total Amount In. ₹
1	Sitting fee for attending Board and Committee Meetings	1,35,000	1,35,000
2	Commission / Others, Please specify	-	-
Total (B) (2)			1,35,000
Total (B) = (B)(1) + (B)(2)			8,10,000

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel (KMP)		
		Mr.R.Prakash Company Secretary & Compliance Officer	Mr.R.Krishnan Chief Financial Officer	Total ₹ in Lakhs
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	25.80	29.46	55.26
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1.03	-	1.03
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options/Sweat Equity/Commission (as % of Profit & Others) others, Please specify	-	-	-
Total (C)		26.83	29.46	56.29

## VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended March 31, 2019.

## 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 the Directors	Designation
(i)	Mrs. Nina Bhadrashayam Kothari	Chairperson (Non-Executive & Non-Independent)
(ii)	Mr. Arjun B Kothari	Member (Executive & Non-Independent)
(iii)	Mr. P.S.Balasubramaniam	Member (Independent)
(iv)	Mr. P.S.Gopalakrishnan	Member (Independent)

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

(₹ in Lakhs)

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2017-2018	226.49
(ii)	2016-2017	1,223.92
(iii)	2015-2016	41.94
	<b>Total</b>	<b>1,492.35</b>
	<b>Average Annual Net Profit</b>	<b>497.45</b>

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

2% of Average Net Profit works out to ₹ 9.95 Lakhs

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

- (a) Total amount to be spent for the financial year : ₹ 9.95 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 21, 2019

**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 constructing additional classroom in the HCK Balavihar school located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu.	Promoting Education / Literacy Enhancement	Local area, where the company operates and the location is Kattur Village, Lalgudi Taluk, Trichy District, Tamil Nadu.	₹ 9.95 Lakhs	Direct Expenditure of ₹ 10 Lakhs	₹ 10 Lakhs spent during the financial year 2018-19.	An amount of ₹ 10 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 was involved in the activities of developing and improving the Education. They are having the experience in constructing the school building.

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

For the Financial Year ended March 31, 2019

[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 in compliance of applicable statutory provisions and the adherence to good corporate practices by **Kothari Sugars and Chemicals Limited** (hereinafter called the ("**Company**")). Secretarial Audit was conducted in a manner that provided 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's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2019 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2019 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, 2018.
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding dealing with client;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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

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

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 Labour and Industrial Laws specifically

applicable to the Company, as listed below, as amended from time to time;

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

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

**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 Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

1. The Board of Directors of the Company at their meeting held on December 27, 2018 approved the sale of 59,60,000 Equity shares out of 1,20,19,000 Equity shares held in Kothari Petrochemicals Limited (KPL) constituting 20.42% of the paid-up capital of KPL. Based on approval from the Board, during the period under review, the Company sold 59,60,000 equity shares by way of an inter-se transfer among the promoters of the Company, being 10.13% in the paid-up capital of KPL. Pursuant to the said transaction Kothari Petrochemicals Limited (KPL) has ceased to be an associate company.
2. The Board of Directors of the Company at their meeting held on 12<sup>th</sup> November 2018 approved to de-subsidiarize the Company's non-material wholly-owned subsidiary, Kothari International Trading Limited.

**For M. Alagar & Associates**

**M. Alagar**

FCS No: 7488

C P No: 8196

Place : Chennai

Date : May 07, 2019

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**

Place : Chennai  
Date : May 07, 2019

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

**Management Discussion and Analysis**

**Industry Structure and Development**

**World Sugar**

In the sugar year 2018-2019, the world sugar production is expected to be around 186 million MT against 194 million MT in the previous year. The consumption is also expected to be around 185 million MT in 2018-19 SY against 175 million MT in the previous year. This will be a more or less balanced production and consumption period. Similarly 2019-20 sugar year is also expected to be a balanced production and consumption year. This is mainly on account of decrease in production in Brazil and European Union than the initial estimates.

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

The world sugar market continues to experience considerable price volatility and the global stocks to use ratio is in the range of 35% to 40%.

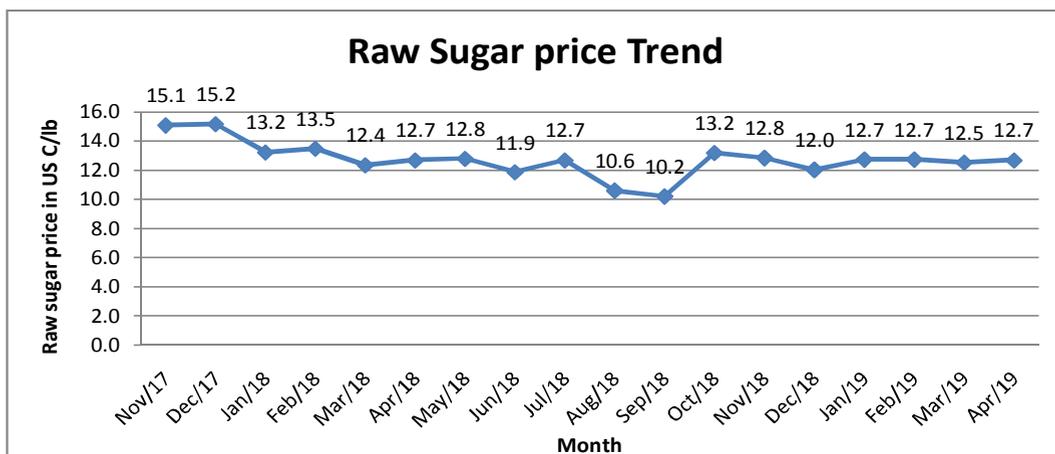
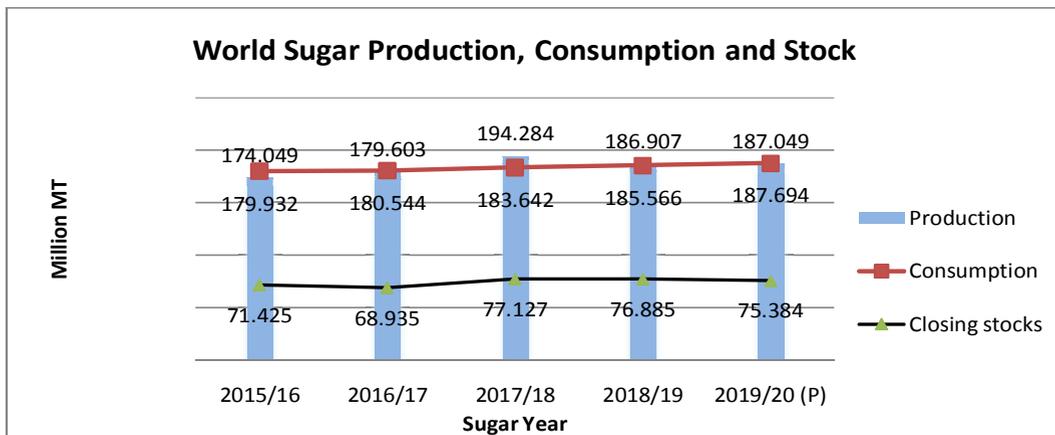
Government policies that intervene in sugar markets, and production cycles in some major cane producing countries of Asia, will continue to influence world sugar production and price volatility over the longer term.

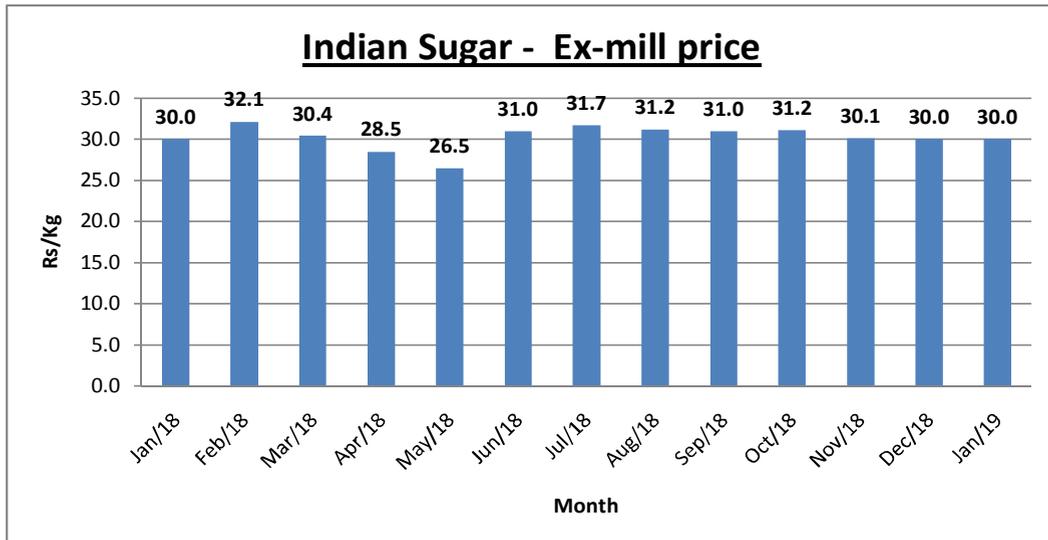
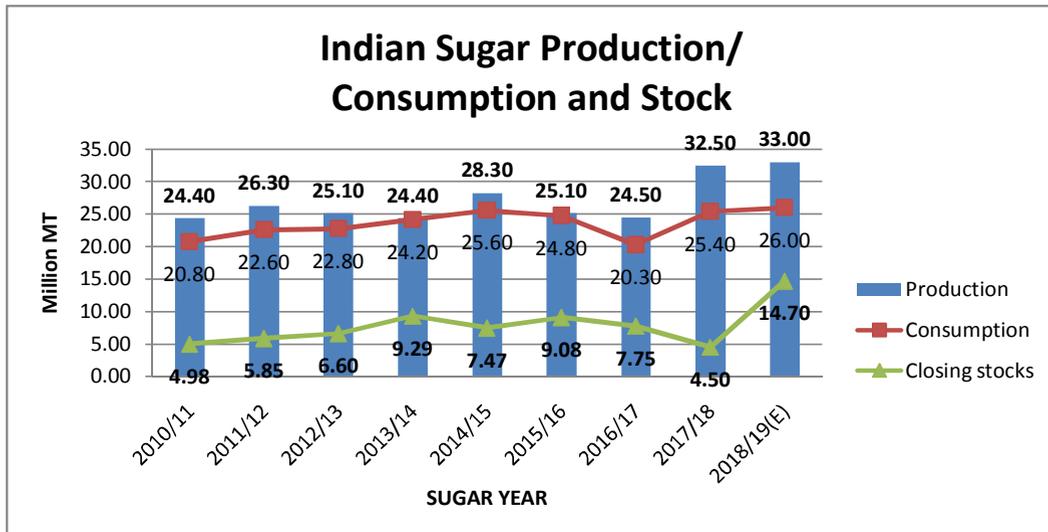
**Indian Sugar**

In the sugar year 2018-2019, India's sugar production is expected to be around 33 million MT against last sugar year production of 32.5 million MT and the sugar consumption is estimated as 26 million MT against last year consumption of 25.5 Million MT. This will be the highest production ever in the history of Indian sugar Industry. With this, India will reach the position of number one producer in the world surpassing Brazil.

The opening stock of sugar in the beginning of 2018-19 sugar year was 10.7 million MT against 4.5 million MT in the previous year. Expected closing stock at the end of 2018-19 will be around 14.7 million MT taking into account of opening balance, surplus production in the current year and expected export of 3 million MT.

Higher stocks coupled with surplus production in both domestic and world market, has resulted in steep fall in the sugar price which has reached to a level of ₹ 26/Kg in the month of May 2018. However, with timely intervention of the Govt. of India by introducing monthly release mechanism and fixing MSP for sugar at ₹ 29/Kg, the price has stabilised at around ₹ 30/Kg from June 2018 onwards. However this price was not adequate to cover the cost of production. Further the sugar cane procurement price (FRP) was hiked from Oct. 2018 onwards. After repeated representations by the industry, The central Government has increased the MSP to ₹ 31/Kg from Feb 2019 onwards.





Though the Government has announced MIEQ (Minimum Indicative Export Quota) of 50 lakh tons for exports for the current marketing year (Oct.'18 to Sept.'19), due to depressed world sugar market, export is not viable even with various incentives announced by the Government of India (GOI). Export contracts were confirmed only for 27 lakh tons, so far.

Govt. of India has announced ₹ 2612.50/MT as Fair and Remunerative Price (FRP) linked to 9.5% recovery for sugar cane for 2018-19 crushing season. Considering lower sugar realization from domestic sales as well as depressed global sugar market, sugar mills are unable to generate sufficient funds for payment of cane price to the farmers on time.

#### Government Policies

Government of India has taken the following measures to stabilise the market:

- Monthly sugar release mechanism has been re-introduced from June'18 onwards. Under this mechanism, the GOI allots monthly quota of sugar to each sugar unit for sale in the open market.
- Minimum support price (MSP) for Sugar has been fixed at ₹ 29/kg in June'18 and subsequently raised to ₹ 31/kg in Feb.'19. Under this directive, sugar mills should not sell sugar below MSP.
- GOI has created a buffer stock of 30 lakh MT of sugar which will be stocked in the respective sugar mills. The holding cost will be borne by the Govt. for one year.
- Allocated 5 million tons of sugar for export under MIEQ (Minimum Indicative Export Quota). Transport subsidy of up to ₹ 2500 / ton of sugar has been approved for export of sugar from factory to the nearest port.

- (e) The central Govt has also announced a sugar cane subsidy of ₹ 138.80 / ton of cane provided the individual company has complied with all directives of the Government.
- (f) Procurement price has been fixed at ₹ 43.46/ltr for the Ethanol produced from C-molasses, ₹ 52.43/ltr. for the Ethanol produced from BH-molasses and ₹ 59.13/ltr. for the Ethanol produced from 100% sugarcane juice.
- (g) Soft loan with Interest subvention scheme for one year has been announced based on the last sugar year's sugar production and current year operation to clear the cane dues.
- (h) Also, soft loan with interest subvention scheme has been approved for enhancement of ethanol production capacity.

**The Tamilnadu state government has taken the following steps during the 2018-2019 sugar year:**

- (a) For the sugar year 2017-18, ₹ 200/ton has been directly paid to the registered cane growers against their supplies.
- (b) Revenue sharing formulae for sugar cane procurement price will be followed for the sugar year 2018-19 also.
- (c) State Government has allocated ₹ 150 crores in the 2019-20 budget towards payment of ₹ 137.50 /ton of cane (to bridge the gap between FRP and SAP) as transitional production incentive. This will be directly paid to the registered cane farmers who have supplied cane during the 2018-19 crushing season.

**Opportunities and Threats**

Though sugar production is going to be surplus during current year as well as during the year ahead, the Govt. policies like MSP and monthly sugar release mechanism will help in stabilisation of the sugar price. Further government push to produce more ethanol by diverting B-Heavy molasses, direct cane juice etc., will ease the surplus sugar production in the long run. Number of new distillery units are being set up in the country to enhance ethanol production capacity.

Vagaries in the monsoon pattern will have impact on the availability of sugar cane which is the major raw material. Any further increase in FRP for the sugarcane for the sugar season 2019-20 will have impact on the financials of the company, if the MSP is not proportionately raised with the cost of production of sugar.

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

**Sugar**

The quantum of cane crushed during 2018-19 financial year was 6,61,729 tons against 5,50,416 tons reported for the corresponding period last year. This was mainly possible because of marginal increase in the cultivation area and yield in your command area compared with last year in spite of drought conditions and also the cane diversion from the nearby private sugar mills.

In 2018-2019 sugar season, the sugar cane cultivation area is expected to remain in the same level of 2017-18.

Your company has been allotted 1,08,180 Quintals of sugar for export during 2018-19 sugar year under MIEQ. The management is closely monitoring the international market and will take the decision at appropriate time based on the feasibility.

**Power**

Long term PPA with TANGEDCO continues. The tariff for the export of power was ₹ 3.67 / Kwh for Kattur unit and ₹ 4.229 / Kwh for Sathamangalam unit. Power generation was higher by 11% compared with previous year because of increase in sugar cane crushing.

**Alcohol**

The distillery was operated with high efficiency. As the availability of own molasses and molasses within the state was inadequate, the company has procured 37,832 tons of molasses from other States like UP and Bihar and operated distillery for a maximum possible number of days. Alcohol production was higher by 19.6 % than last year with this additional molasses purchase. Similarly, the company is procuring molasses from north India during current financial year as well to maximise the capacity utilisation.

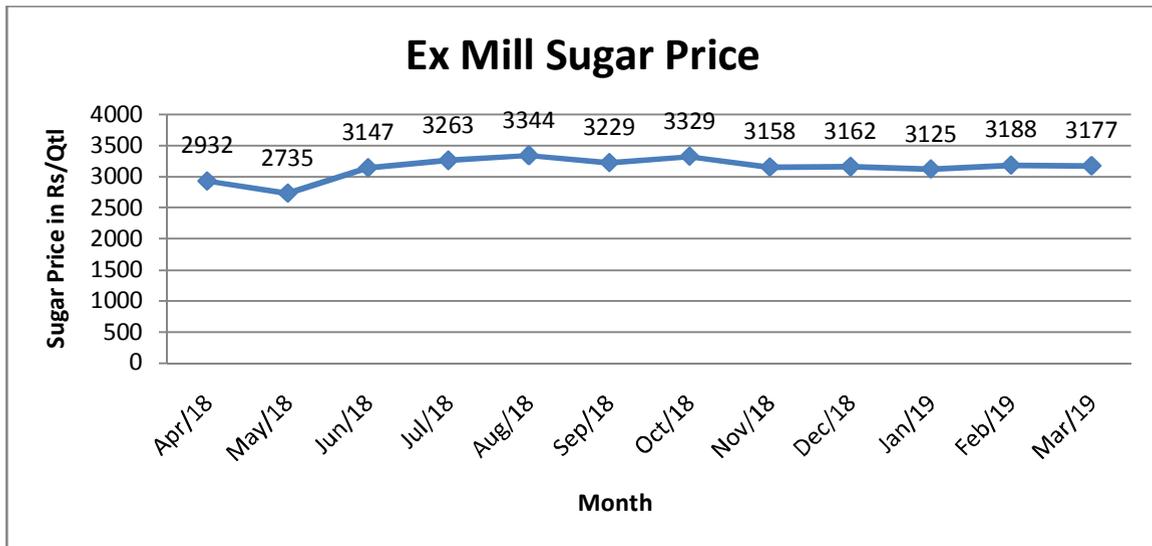
**Outlook**

2018-19 and 2019-20 sugar years are going to be a balanced sugar production years globally and surplus sugar production years for India. Central and northern part of India is recording higher production than the estimates, southern part of India, particularly Tamilnadu records continuously its downward trend because of severe drought. Availability of water, Government policies on sugar and ethanol are the key factors going to decide the fate of sugar industry in India in general and Tamil Nadu in particular.

**Risk and Concerns**

**Industry Risk**

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



#### Risk Mitigation

Increasing ethanol production capacity in order to absorb surplus sugar available in the market for stabilisation of sugar price in the long run. Development of alternate usage of sugar and positive and proactive policies by the Government are the key drivers.

#### Risk specific To Company

Seven consecutive years of drought and failure of North east Monsoon (NEM) has lead to shrinkage of cane cultivation area in Tamil Nadu in general and in Your company's command area in particular. This has resulted in reduced raw material availability for crushing which adversely affects the overall capacity utilisation of the factories besides increasing the cost of production.

#### Risk Management

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

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

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

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

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

Due to marginal increase in cane availability the sugar output has increased by 11% compared to the previous year and sustained sugar price has helped the Company to marginally reduce the losses in the sugar segment. In the distillery segment the profitability improved marginally owing to higher output by 20% despite the drop in selling prices by around 12%.

The finance cost increased by 8% compared to the previous year which is mainly due to increased short term borrowings due to regulated sugar sales imposed by the Government of India to stem the free fall of sugar price. The resultant increase in borrowings necessitated to pay cane farmers towards their supplies.

**Key Financial**

Description	U/M	2018 -19	2017-18	Remarks
Debtors Turnover	Days	18	22	Improved collection due to higher Sugar and alcohol sales which are mostly on cash and carry basis.
Inventory Turnover	Days	154	169	Higher sales volume of Sugar and Alcohol.
Interest coverage ratio	Times	4.24	1.41	Improved profitability.
Debt Equity ratio	-	1.59:1	1.70:1	Repayment of Long-term Loans and improved profitability.
Operating Profit Margin	%	9.87	6.55	Higher volume of production and improved fixed overheads recovery.
Net Profit Margin %	%	3.64	0.16	Improved profitability.
Return on Net worth	%	8.36	0.34	Improved profitability.

**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 a series of training sessions on Technical and soft skills as part of Employee Development Program. Special Onsite Program and In-house Training programme were conducted on safety. Key Performance Indicators are utilized for the career growth of employees. During the year, the industrial relations have been cordial, conducive and mutually productive.

The Human Resources Department created an Internal Complaint Committee for the prevention and redressal of sexual harassment of women at 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 2019 was 492 in respect of sugar and allied operations.

On Behalf of the Board  
for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : May 21, 2019

Nina B. Kothari  
Chairperson

## CORPORATE GOVERNANCE

### Corporate Governance Philosophy

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

established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide the management, the strategic direction it needs.

### BOARD OF DIRECTORS

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

**Composition of the Board and Directorship held as on 31<sup>st</sup> March 2019**

Name of the Director	Director Category	No. of Board Meetings attended	Attendance at previous AGM held on July 31, 2018	Number of Directorships in other companies	Number of Committee Memberships in other companies		No. of shares held by the Director
					Chairman	Member	
Mrs.Nina B. Kothari	Promoter & Non-Executive	5	Yes	14	1	-	26,83,498
Mr.Arjun B. Kothari	Promoter & Managing Director	5	Yes	14	1	1	14,400
Mr.M.Silvester Goldwin(*)	Executive	2	N.A	-	-	-	Nil
Mr.P.S.Balasubramaniam	Independent	3	No	06	-	3	505
Mr.V.R.Deenadayalu	Independent	5	Yes	-	-	-	Nil
Mr.P.S.Gopalakrishnan	Independent	5	Yes	03	1	-	Nil
Mr.C.V.Krishnan(**)	Independent	3	Yes	-	-	-	Nil

(\*) Mr. Silvester Goldwin was appointed as Whole Time Director w.e.f August 01, 2018.

(\*\*) Mr.C.V.Krishnan was appointed as Independent Director w.e.f. May 28, 2018 and regularised on July 31, 2018.

#### Note :

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

(iii) The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days.

(iv) Mr. Arjun B. Kothari, Managing Director of the Company is son of Mrs. Nina B Kothari, Chairperson of the Company.

The Board of Directors met five times during the year on 28<sup>th</sup> May 2018, 31<sup>st</sup> July 2018, 12<sup>th</sup> November 2018, 27<sup>th</sup> December 2018 and 13<sup>th</sup> February 2019.

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

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

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

**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.

**List of core skills, expertise and competencies identified by the Board**

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

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

The Directors shall have ability to understand and analyze financial reports / key financial statements to review and analyze budgets, annual operating plans considering Company's resources, strategic goals, and priorities,

analyze various reports, create and incorporate multiple view points with different perspectives. Ability to identify key risks to the organisation in a wide range of areas including Production, Marketing, legal and regulatory compliance management and systems.

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

**COMMITTEES OF THE BOARD**

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

**AUDIT COMMITTEE**

The Audit Committee comprises of the following Independent Directors and attendance of each director for the year ended 31<sup>st</sup> March 2019 is as follows:

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr. P.S.Gopalakrishnan	Chairman	05	05
(ii)	Mr. P.S.Balasubramaniam	Member	05	03
(iii)	Mr. V.R.Deenadayalu	Member	05	05

The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 31<sup>st</sup> July, 2018. The Audit Committee met five times during the year on 28<sup>th</sup> May 2018, 31<sup>st</sup> July 2018, 12<sup>th</sup> November 2018, 27<sup>th</sup> December 2018, and 13<sup>th</sup> February 2019.

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 2019, the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / accounting exposure. The Managing Director, Whole Time Director and Chief Financial Officer are permanent invitees to the meetings of the committee. The Statutory Auditor and Internal Auditors were present at Audit Committee meetings. The Cost Auditor is invited to attend the Meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. Mr. P.S.Gopalakrishnan, is the Chairman of the Committee. Mr. V.R.Deenadayalu and Mr. P.S.Balasubramaniam are the other members. The Company Secretary is the secretary to the Committee. The Chairman of Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 31<sup>st</sup> July 2018. The Committee met once during the year on 28<sup>th</sup> May 2018.

The details are as follows:

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr. P.S.Gopalakrishnan	Chairman	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**

- a) 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. Remuneration details of Whole Time Director is disclosed in detail elsewhere in the Board' Report.

Currently, the Non-executive directors of the company are not being paid any commission. The details of the

transactions and pecuniary relationship with the non-executive directors vis-à-vis the Company are disclosed elsewhere in the Annual Report. The detail of proposed remuneration to the Managing Director is provided in the Notice convening the 58<sup>th</sup> Annual General Meeting of the Company which is forming part of this Annual Report.

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

- Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee shall lay down the criteria for the formal annual evaluation of Board, Committees and Individual Directors.

- Pursuant to the above requirements, the Nomination and Remuneration Committee has framed a format inter alia containing attendance & participation at meetings, inputs provided & its impact on the company whether positive or adverse etc. for the Annual Evaluation of the performance of the Board, individual Directors and its Committees. Thus, Nomination and Remuneration Committee recommends the devised format to the Board to apply while conducting the Annual Evaluation.

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

#### Details of Sitting Fees paid during the financial year 2018-2019

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					Total
	Board Meeting	Audit Committee	CSR Committee	Nomination & Remuneration Committee	Independent Director Meeting	
Mrs.Nina B. Kothari	1,25,000	N.A	10,000	N.A	N.A	1,35,000
Mr.P.S.Balasubramaniam	75,000	45,000	-	10,000	10,000	1,40,000
Mr.V.R.Deenadayalu	1,25,000	75,000	N.A	10,000	10,000	2,20,000
Mr.P.S.Gopalakrishnan	1,25,000	75,000	10,000	10,000	10,000	2,30,000
Mr.C.V.Krishnan	75,000	N.A	N.A	N.A	10,000	85,000
<b>Total</b>	<b>5,25,000</b>	<b>1,95,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>8,10,000</b>

The other transactions with non-executive director's vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2019 are disclosed elsewhere in the annual report.

#### 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 03 times during the year 2018 - 2019. No sitting fee is paid for attending the meetings of the Committee.

The attendance of each Director in the Stakeholders' Relationship Committee meeting held during the year ended 31<sup>st</sup> March 2019 is as follows:

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

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting of the Company held on 31<sup>st</sup> July, 2018.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Stakeholders Relationship Committee and the Company Secretary to approve the share transfers / transmissions and accordingly, the Stakeholders Relationship Committee or the Company

Secretary approve the transfer / transmission of shares generally on a fortnight basis. The committee also reviews the performance of the Registrar and Share Transfer Agents.

Details of the Complaints received from the Shareholder(s) / Department(s) during the financial year 2018 - 2019.

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non-receipt of annual reports	01	01	-
	<b>TOTAL</b>	<b>01</b>	<b>01</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.

#### General Body Meetings:

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

Year / Date / Day / Time	Venue
2017-2018 Jul 31, 2018 Tuesday 10.30 A.M	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.
2016-2017 Sep 08, 2017 Friday 10.15 A.M	
2015-2016 Aug 05, 2016 Friday 10.15 A.M	

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

Date of AGM	Whether any Special Resolution was passed	Particulars
Jul 31, 2018	Yes	(i) Appointment of Mr.M. Silvester Goldwin as Whole time Director of the Company. (ii) Re-appointment of Mr. P.S.Balasubramaniam, Independent Director of the Company. (iii) Re-appointment of Mr.V.R.Deenadayalu, Independent Director of the Company. (iv) Re-appointment of Mr.P.S.Gopalakrishnan, Independent Director of the Company.
Sep 08, 2017	No	-
Aug 05, 2016	No	-

No special resolution was passed by the shareholders of the company through postal ballot during the year 2018 - 2019.

#### 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.

b) The company's website address is: [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). The website contains basic information about the company and such other details as required under Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updation of its website. The company has designated email-id [ksclcs@hckgroup.com](mailto:ksclcs@hckgroup.com) and [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable the shareholders to register their grievances.

c) Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all data related to quarterly financial results, shareholding pattern and report on Corporate Governance, etc., are filed in NEAPS within the time frame prescribed in this regard.

d) No presentations have been made to institutional investors or to analysts.

#### GENERAL SHAREHOLDER INFORMATION

##### a) Annual General Meeting

<b>Day, Date and Time</b>	August 07, 2019, Wednesday 10.00 A.M
<b>Venue</b>	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.

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 2018	14.10	13.05	631329	Oct 2018	13.20	10.45	305432
May 2018	12.35	9.65	631166	Nov 2018	11.90	10.05	152281
Jun 2018	11.00	8.05	2234975	Dec 2018	11.00	9.65	127247
Jul 2018	9.45	7.30	285674	Jan 2019	10.90	8.90	217839
Aug 2018	10.65	8.55	253376	Feb 2019	10.40	8.20	258271
Sep 2018	15.50	8.30	3296074	Mar 2019	11.00	9.10	335131

##### h) Distribution of Shareholding as on 31<sup>st</sup> March 2019

(Amount in ₹)

No. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5000	20,331	2,06,70,860
5001-10000	1,853	1,62,73,030
10001-20000	959	1,55,32,710
20001-30000	364	94,92,150
30001-40000	168	61,08,870
40001-50000	202	97,56,230
50001-100000	256	1,96,08,920
100001 and above	201	73,14,43,030
<b>Total</b>	<b>24,334</b>	<b>82,88,85,800</b>

##### b) Financial Calendar of the Company

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

Results for Quarter ending 30 <sup>th</sup> June, 2019	First fortnight of August, 2019
Results for Quarter ending 30 <sup>th</sup> September, 2019	First fortnight of November, 2019
Results for Quarter ending 31 <sup>st</sup> December, 2019	First fortnight of February, 2020
Results for Quarter ending 31 <sup>st</sup> March, 2020	Last Week of May, 2020

##### c) Dividend Payment

The Board of Directors of the Company at their meeting held on 21<sup>st</sup> May 2019, recommended a dividend at the rate of 5% i.e., Re.0.50/- paise (Rupee Fifty paise only) per equity share of ₹ 10/- each for the Financial Year 2018-19 to the shareholders of the Company.

##### d) Date of Book Closure

The period of Book Closure is fixed from Thursday, 01<sup>st</sup> August, 2019 to Wednesday, 07<sup>th</sup> August 2019 (both days inclusive).

##### 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 2019 - 20 has been paid. (Stock Code: KOTARISUG). ISIN: INE419A01022.

**i) Reconciliation of Share Capital Audit**

Quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31<sup>st</sup> March 2019 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories are reconciled. 8,27,98,812 equity shares representing 99.89% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2019.

**j) 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

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

Presently your Company is not exporting any of its products. Hence foreign exchange risk did not arise during the financial year 2018-19.

**l) 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 - Keezhpalur, Ariyalur Taluk, Ariyalur District - 621 707, Tamilnadu. Phone Nos. : 04329-320800, Fax No:04329 - 209730

**m) 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

**n) Credit Rating and revision thereto**

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

Sl. No.	Facility	Amount (Rs. in Crores)	Rating
(i)	Cash Credit	60.00	[ICRA] BBB- (Stable)
(ii)	Term Loan	11.50	[pronounced as ICRA triple B minus]
(iii)	Non Fund based limits	10.00	[ICRA] A3 [pronounced as ICRA A three]
<b>Total</b>		<b>81.50</b>	

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

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

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

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

The 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))

**Vigil Mechanism / Whistle Blower Policy**

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

The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behavior. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly. The company affirms that no personnel have been denied access to the Audit Committee.

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

#### Compliances

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

#### 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 manner as stated under the appropriate headings detailed elsewhere in this report.

#### Statutory Auditor Fee Particulars

The Members at the 56<sup>th</sup> Annual General Meeting held on 08<sup>th</sup> September 2017 have appointed M/s.P.Chandrasekar LLP, Chartered Accountants as the Statutory Auditor of the Company and to hold office till the conclusion of the 61<sup>st</sup> Annual General Meeting of the Company.

The Audit Committee approved the fee for other services rendered by the Statutory Auditors other than the Statutory Audit. The total fee paid for the year 2018 - 2019 to M/s.P.Chandrasekar LLP, Chartered Accountants is given below:

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

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

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

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

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

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

#### Code of Conduct for the Board of Directors and the Senior Management

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management personnel have affirmed compliance with the code of conduct for the financial year 2018-2019.

On Behalf of the Board  
for Kothari Sugars & Chemicals Limited

Nina B. Kothari  
Chairperson

Place : Chennai  
Date : May 21, 2019

#### 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, 2019.

for Kothari Sugars & Chemicals Limited

Place : Chennai  
Date : May 21, 2019

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 2019 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 21, 2019

**Arjun B. Kothari**  
Managing Director

**R. Krishnan**  
Chief Financial Officer

**CERTIFICATE UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

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

Based on the disclosures/declarations received from Directors appointed on the Board of Kothari Sugars & Chemicals Limited ("Company") and information available on the web portal of Ministry of Corporate Affairs as on March 31, 2019, I hereby certify that as on the said date, none of the Directors on the Board of Company have been debarred or disqualified from being appointed or continuing as director of the Company by Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority.

**For M. Alagar & Associates**

**M. Alagar**

Place : Chennai  
Date : 4<sup>th</sup> May 2019

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

**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, 2019 as stipulated under securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR").

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

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate Governance as stipulated in the SEBI LODR.

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

**For M. Alagar & Associates**

**M. Alagar**

Place : Chennai  
Date : 4<sup>th</sup> May 2019

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

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

To the members of Kothari Sugars and Chemicals Limited

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Kothari Sugars and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, the Profit (including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

S. No.	Key Audit Matter	Response to Key Audit Matter
1.	<p><b>Quantity of raw materials</b></p> <p>Significant portion of the material procurement is from individual farmers and sugarcane are accounted on weight-basis. Hence, any variance in the ascertainment of the quantity purchased may have a significant impact on the cost of materials.</p>	<p>We have carried out audit procedures, which included:</p> <ul style="list-style-type: none"> <li>➤ Assessment of controls over ascertaining the quantity of purchase for which payment is made.</li> <li>➤ Assessment of controls over calibration system of the weighing equipment.</li> </ul>
2.	<p><b>Contingent liabilities</b></p> <p>The Company has material amounts of disputed statutory levies such as Excise Duty, Customs Duty and Electricity taxes, which have not been paid pending adjudication by the respective authority. Refer to Note 43 of the financial statements.</p>	<p>We have carried out the validation of the information provided by the management, by performing the following procedures:</p> <ul style="list-style-type: none"> <li>➤ Examining the relevant documents on record</li> <li>➤ Evaluating the reasonableness of the underlying assumptions</li> <li>➤ Relying on relevant external evidence available including legal opinion, relevant judicial pronouncements and industry practices</li> <li>➤ Assessment to confirm that contingencies exist in each case.</li> </ul>

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting

standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statement of the company and the operating effectiveness of such controls, refer to our separate report in Annexure-B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer to Note 43 to the financial statements.
  - ii. The Company did not have any long - term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Place: Chennai  
 Date: 21<sup>st</sup> May 2019

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

#### **Annexure - A to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019.**

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

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, these fixed assets have been physically verified by the Management at regular intervals; as informed to us no material discrepancies were noticed on such verification.
  - c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not provided any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made by the Company. The Company has not provided any loans or guarantee or security to any company covered under Section 185 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from public.
- vi. On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 have been maintained. However, we have not carried out any detailed examination of such records.
- vii. According to the information and explanations given to us in respect of statutory dues:
  - a) The Company is regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Income Tax, Customs Duty, Goods and Service Tax and other applicable Cess. To the best of our knowledge and according to the information and explanations given to us, there were no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March 2019 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 2019 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (₹ lakh)	Forum where the dispute is pending	Period to which the dues belong to
Central Excise Act, 1944	Excise Duty	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	335.19	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. In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided has been in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence compliance with the provisions of the Nidhi Rules is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him which will come under the purview of Section 192 of the Companies Act, 2013.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Chennai  
Date : 21<sup>st</sup> May 2019

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

**Annexure - B to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019.**

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

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

We have audited the internal financial controls with reference to the financial statements of Kothari Sugars and Chemicals Limited ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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.

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

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

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

A company's internal financial controls with reference to financial statements are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2019, 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 : 21<sup>st</sup> May 2019

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(₹ in Lakhs)

S.No	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>A</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	2	<b>16,536.06</b>	17,697.35
	(b) Capital Work in Progress	2	<b>110.27</b>	-
	(c) Investment Property	3	<b>116.05</b>	118.42
	(d) Other Intangible Assets	4	<b>25.03</b>	29.47
	(e) Financial Assets			
	(i) Investments			
	(a) Investment in Associates	5	-	1,201.90
	(ii) Other financial assets	8	<b>92.06</b>	242.34
	(f) Deferred Tax Assets	35	<b>358.91</b>	628.23
	(g) Other Non-Current Assets	9	<b>1.44</b>	1.44
	<b>Total non-Current Assets</b>		<b>17,239.82</b>	<b>19,919.15</b>
	<b>Current Assets</b>			
	(a) Inventories	10	<b>13,848.21</b>	12,755.13
	(b) Financial Assets			
	(i) Investments	6	<b>4,824.34</b>	2,096.37
	(ii) Trade Receivables	7	<b>1,731.21</b>	1,783.36
	(iii) Cash and Cash Equivalents	11	<b>695.98</b>	242.97
	(iv) Bank balances other than (iii) above	12	<b>57.04</b>	54.28
	(v) Other Financial assets	8	<b>196.11</b>	190.86
	(c) Current tax assets (Net)	13	<b>147.78</b>	176.67
	(d) Other current Assets	9	<b>678.29</b>	406.81
	<b>Total Current Assets</b>		<b>22,178.96</b>	<b>17,706.45</b>
	<b>TOTAL ASSETS</b>		<b>39,418.78</b>	<b>37,625.60</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	14	<b>8,288.86</b>	8,288.86
	(b) Other Equity	15	<b>6,917.35</b>	5,648.14
	<b>Total Equity</b>		<b>15,206.21</b>	<b>13,937.00</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	16	<b>2,951.73</b>	3,605.09
	(b) Deferred Tax Liabilities	35	<b>3,695.61</b>	3,462.43
	(c) Other Non-Current liabilities	20	<b>10.80</b>	1.66
	<b>Total Non-Current Liabilities</b>		<b>6,658.14</b>	<b>7,069.18</b>
	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	17	<b>7,971.66</b>	6,673.78
	(ii) Trade Payables			
	(a) Total Outstanding dues to Micro and Small enterprises	18	<b>2.72</b>	60.36
	(b) Total Outstanding dues of creditors other than Micro and Small enterprises	18	<b>8,119.47</b>	7,489.30
	(iii) Other Financial Liabilities	19	<b>847.42</b>	2,055.37
	(b) Short term Provisions	21	<b>225.35</b>	188.53
	(c) Other Current Liabilities	20	<b>387.81</b>	152.08
	<b>Total Current Liabilities</b>		<b>17,554.43</b>	<b>16,619.42</b>
	<b>Total Liabilities</b>		<b>24,212.57</b>	<b>23,688.60</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,418.78</b>	<b>37,625.60</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P.Chandrasekar, LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : May 21, 2019

For and on behalf of the Board of Directors

**Arjun B Kothari**  
Managing Director

**P.S.Gopalakrishnan**  
Director

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019** (₹ in Lakhs)

S.No	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from Operations	22	33,221.78	29,000.57
II	Other Income	23	1,734.24	525.12
III	<b>Total Income (I+II)</b>		<b>34,956.02</b>	<b>29,525.69</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	24	24,592.34	19,912.11
	Changes in Inventories of finished goods, work-in-progress and stock in trade	25	(1,192.55)	868.43
	Excise duty on sale of goods		-	307.95
	Employee benefit expenses	26	2,045.79	1,836.76
	Finance costs	27	704.18	649.72
	Depreciation and amortisation expense	28	1,281.38	1,385.61
	Other expenses	29	4,778.18	3,280.42
	<b>Total Expenses (IV)</b>		<b>32,209.32</b>	<b>28,241.00</b>
V	<b>Profit before exceptional items and Tax (III-IV)</b>		<b>2,746.70</b>	<b>1,284.69</b>
VI	<b>Exceptional items - Expenses / (Income)</b>	30	465.30	1,017.78
VII	<b>Profit before Tax (V - VI)</b>		<b>2,281.40</b>	<b>266.92</b>
VIII	Tax Expense:			
	1) Current tax		506.88	80.92
	2) Tax for earlier years		-	-
	3) Deferred tax		503.48	137.98
	<b>Total Tax expenses</b>		<b>1,010.36</b>	<b>218.90</b>
IX	<b>Profit for the year (VII-VIII)</b>		<b>1,271.04</b>	<b>48.01</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		(2.81)	(3.61)
	b) Equity instruments through other comprehensive income		-	-
	ii) Income tax relating to items that will not be re-classified to profit or loss		(2.81)	(3.61)
	iii) Income tax relating to items that will be re-classified to profit or loss		0.98	1.25
	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>(1.83)</b>	<b>(2.36)</b>
XI	<b>Total Comprehensive Income (IX+X)</b>		<b>1,269.21</b>	<b>45.66</b>
XII	<b>Earnings Per Equity Share (Nominal value per share Rs.10/-)</b>			
	(a) Basic	39	1.53	0.06
	(b) Diluted	39	1.53	0.06

The accompanying notes are an integral part of these financial Statements  
In terms of our report attached

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

**S. Sriram**  
Partner  
Membership No. 205496  
Place : Chennai  
Date : May 21, 2019

For and on behalf of the Board of Directors

**Arjun B Kothari**  
Managing Director

**P.S.Gopalakrishnan**  
Director

**R.Prakash**  
Company Secretary

**R.Krishnan**  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY SHARE CAPITAL AND OTHER EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of other comprehensive income		
	Share Capital	Capital redemption reserve	Debenture redemption reserve	General reserve	Retained earnings	Equity Instruments through other Comprehensive income	Actuarial Gain / Loss	Total
Balance at March 31,2017	8,288.86	1,400.00	750.00	-	2,772.47		0.23	13,211.56
<b>Movement during 2017-18</b>								
Equity Component of Loan / debenture from Parent Company								-
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)	(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>(2.13)</b>	<b>13,937.00</b>
<b>Movement during 2018-19</b>								
Profit for the year					1,271.04			1,271.04
Other comprehensive income for the year, net of income tax							(1.83)	(1.83)
<b>Balance at March 31,2019</b>	<b>8,288.86</b>	<b>1,400.00</b>	<b>750.00</b>	<b>1,178.60</b>	<b>3,592.71</b>	<b>-</b>	<b>(3.96)</b>	<b>15,206.21</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P.Chandrasekar, LLP**

 Chartered Accountants  
 FRN : 000580S/S200066

**S. Sriram**

 Partner  
 Membership No. 205496

Place : Chennai

Date : May 21, 2019

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, 2019**

(₹ in Lakhs)

S. No	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
<b>A.</b>	<b>Cash flow from operating activities</b>				
	<b>Profit before tax</b>		2,281.40		266.92
	<b>Adjustments for :</b>				
	Depreciation and Amortisation	1,281.38		1,385.61	
	Finance Costs (net)	696.46		649.72	
	Effect of interest free loans	(128.62)		(128.62)	
	Net (Gain) / loss arising on FVTPL transactions	7.72		(7.22)	
	Re-measurement of employee benefit plan	(2.81)		(3.61)	
	Dividend Income	(93.98)		(30.40)	
	Profit on sale of Fixed Assets (net)	(3.57)		(10.38)	
	Interest Income	(73.89)		(85.33)	
	Bad Debts	152.00		8.40	
	Liability no longer required written back	(12.45)		(18.04)	
	Accretion in value of investments	(632.59)		(55.26)	
	Provision for employee benefits	51.68		44.81	
	Loss / (gain) on sale of investments	(27.72)	<b>1,213.59</b>	(58.09)	<b>1,691.60</b>
	<b>Operating profit before working capital changes</b>		<b>3,494.99</b>		<b>1,958.52</b>
	<b>Changes in working capital</b>				
	Adjustments for increase / (decrease) in:				
	Trade and other receivables	(99.85)		(384.82)	
	Inventories	(1,093.08)		1,629.48	
	Bank balances other than cash and cash equivalents	(2.76)		87.07	
	Other Assets	440.09		173.93	
	Other Financial Assets	145.04		(56.79)	
	Trade Payable	572.52		2,129.78	
	Other Liabilities	(264.44)		(1,383.71)	
	Other Financial Liabilities	(122.72)	<b>(425.19)</b>	(213.92)	<b>1,981.04</b>
	<b>Cash generated from operations</b>		<b>3,069.80</b>		<b>3,939.56</b>
	Less :Direct taxes paid net of refund		477.56		272.02
	<b>Net cash generated from operating activities</b>		<b>2,592.24</b>		<b>3,667.54</b>
<b>B.</b>	<b>Cash flow from investing activities</b>				
	Purchase of fixed assets including capital advances		(480.83)		(137.44)
	Proceeds from sale of fixed assets		55.73		67.90
	(Purchase) / Sale of investments		(893.47)		(102.62)
	Investment income		27.72		58.09
	Interest received		73.89		85.33
	Dividend received		93.98		30.40
	<b>Net cash used in investing activities</b>		<b>(1,122.97)</b>		<b>1.66</b>
<b>C.</b>	<b>Cash flow from Financing activities</b>				
	Net increase / (Decrease) in working captial borrowings		1,297.88		775.03
	Repayment of Long Term loan Borrowings		(1,738.58)		(3,320.64)
	Finance Cost		(575.56)		(513.88)
	Dividend paid		-		(414.44)
	Dividend Distribution tax paid		-		(84.37)
	<b>Net cash used in financing activities</b>		<b>(1,016.27)</b>		<b>(3,558.30)</b>
	<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>		<b>453.00</b>		<b>110.90</b>
	Reconciliation				
	Cash and cash equivalents as at beginning of the year		242.97		132.07
	Cash and cash equivalents as at end of the year		695.98		242.97
	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(453.00)</b>		<b>(110.90)</b>

The accompanying notes are an integral part of these financial Statements

In terms of our report attached

**For P.Chandrasekar, LLP**

Chartered Accountants

FRN : 000580S/S200066

**S. Sriram**

Partner

Membership No. 205496

Place : Chennai

Date : May 21, 2019

For and on behalf of the Board of Directors

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

**Note - 1**

**CORPORATE OVERVIEW**

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

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

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

The financial statements for the year ended 31<sup>st</sup> March, 2019 was approved for issue by the Board of Directors of the Company on 21<sup>st</sup> May, 2019 and is subject to the adoption by the shareholders in the ensuing Annual General Meeting.

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Statement of Compliance**

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

**(a) New Standards issued**

The Companies (Indian Accounting Standards) Amendment Rules, 2018 issued by the Ministry of Corporate Affairs (MCA) notified Ind AS 115, Revenue from Contracts with Customers. Ind AS 115 is effective from reporting periods beginning on or after April 1, 2018.

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount of timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a promised goods or services and thus has the ability to direct the use and obtain the benefits therein and reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Standard replaces Ind AS 18 Revenue Recognition and Ind AS 11 Construction contracts and related appendices.

Following process to be applied before revenue can be recognized:

- (i) Identify contracts with customers
- (ii) Identify the separate performance obligation
- (iii) Determine the transaction price of the contract
- (iv) Allocate the transaction price of the separate performance obligations, and

- (v) Recognize the revenue as each performance obligation is satisfied.

**1.1 Basis of preparation and presentation**

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, 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 principle accounting policies are set out below:

## 1.2 Revenue Recognition

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

### (a) Sale of goods

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

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

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

### (b) Rendering of Services

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

### (c) Dividend and interest income

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

### (d) Insurance Claims

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

## (e) Export incentives

Export incentives are treated as income in the year of export at the estimated realisable value.

## 1.3 Leasing

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 Lessee

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. Lease rentals under such agreements are recognised in the statement of Profit and loss as per the terms of the lease.

Rental expenses from operating leases are 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.

### 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.

## 1.4 Functional and presentation currency and Foreign Currency Transactions

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

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

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.

### 1.5 Borrowing & related costs

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

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

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

### 1.6 Government grants

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

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

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

### 1.7 Employee Benefits

#### (a) Retirement benefit costs and termination benefits

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

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

Defined benefit costs are categorized as follows:

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

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

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

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

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

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

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

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

#### **(b) Short-term and other long-term employee benefits**

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

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

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

Gratuity for certain employees is covered under a Scheme of Reliance 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.

### **1.8 Earnings per Share**

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

### **1.9 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **(a) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **(b) Deferred tax**

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

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

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

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

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

**(c) Current and deferred tax for the year**

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

**1.10 Property, Plant and Equipment**

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

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

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

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

Estimated useful lives of the assets are as follows:

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

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

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use

of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**1.11 Investment Property**

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

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

**1.12 Intangible Assets**

**Intangible assets acquired separately**

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

**(a) De-recognition of intangible assets**

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

**(b) Useful lives of intangible assets**

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

### 1.13 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.

### 1.14 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.

### 1.15 Provisions

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

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

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

### 1.16 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.

### 1.17 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 amortised cost, refer note 1.17e. All other financial assets are subsequently measured at fair value.

**(b) Effective interest method**

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

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

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

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

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

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

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

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

**(e) Impairment of financial assets**

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind

AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

#### **(f) De-recognition of financial assets**

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

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

#### **(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.

### **1.18 Financial liabilities and Equity instrument**

#### **(a) Classification at 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

#### **(i) Financial liabilities at FVTPL**

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. 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 40.2

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

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments

(including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(iii) 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.

**(iv) 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.

**1.19 Cash flow statement**

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

**1.20 Key sources of estimation uncertainty**

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

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

**(a) Fair value measurement and valuation processes**

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

**(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.

**1.21 Operating Cycle**

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

**1.22 Rounding off amounts**

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 2

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts of</b>		
Freehold land	363.23	363.23
Building	2,144.59	2,263.52
Plant and Equipment	13,803.73	14,800.05
Furniture and Fixtures	30.59	35.71
Vehicles	193.93	234.83
<b>Total</b>	<b>16,536.06</b>	<b>17,697.35</b>
Capital work-in-progress	110.27	-
	16,646.34	17,697.35

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Cost or Deemed cost</b>						
Balance at April 01, 2017	357.74	2,652.15	17,100.15	51.45	257.53	20,419.02
Additions	5.49	8.25	83.81	0.37	46.39	144.31
Disposals	-	-	54.10	-	3.41	57.50
<b>Balance at March 31, 2018</b>	<b>363.23</b>	<b>2,660.40</b>	<b>17,129.86</b>	<b>51.82</b>	<b>300.51</b>	<b>20,505.82</b>
Additions	-	3.51	151.04	0.74	10.14	165.44
Disposals	-	0.88	50.74	-	0.54	52.16
<b>Balance at March 31, 2019</b>	<b>363.23</b>	<b>2,663.03</b>	<b>17,230.16</b>	<b>52.56</b>	<b>310.11</b>	<b>20,619.10</b>

Particulars	Freehold land	Building	Plant and Equipment	Furniture and fixtures	Vehicles	Total
<b>Accumulated depreciation and impairment</b>						
Balance at April 01, 2017	-	249.41	1,155.06	10.20	13.91	1,428.58
Disposals	-	-	-	-	-	-
Depreciation expenses	-	147.46	1,174.75	5.91	51.77	1,379.89
<b>Balance at March 31, 2018</b>	<b>-</b>	<b>396.87</b>	<b>2,329.81</b>	<b>16.11</b>	<b>65.68</b>	<b>2,808.47</b>
Disposals	-	-	-	-	-	-
Depreciation expenses	-	121.57	1,096.62	5.86	50.50	1,274.56
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>518.44</b>	<b>3,426.43</b>	<b>21.97</b>	<b>116.18</b>	<b>4,083.03</b>
Carrying amount as on March 31, 2018	363.23	2,263.52	14,800.05	35.71	234.83	17,697.35
Carrying amount as on March 31, 2019	363.23	2,144.59	13,803.73	30.59	193.93	16,536.06

(Details of assets offered as securities is provided in Note 16)

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts of</b>		
Investment property	116.05	118.42
<b>Total</b>	<b>116.05</b>	<b>118.42</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<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, 2019	As at March 31, 2018
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	42.83	40.46
Depreciation expenses	2.37	2.37
<b>Balance at end of the year</b>	<b>45.20</b>	<b>42.83</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, 2019 and March 31, 2018.

Particulars	As at March 31, 2019	As at March 31, 2018
Land and Building in Tamilnadu	1,075.42	1,044.69
Land and Building other than in Tamilnadu	1,367.14	1,328.08
<b>Total</b>	<b>2,442.56</b>	<b>2,372.77</b>

The fair value of the Company's investment properties as at March 31, 2019, March 31, 2018 have been arrived at on the basis of a valuation carried out by Mr.Khatib Ahmed, independent valuer 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. In estimating the fair value of the property, the current use is considered as the highest and best use.

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Carrying amounts of</b>		
Software and licenses	25.03	29.47
<b>Total</b>	<b>25.03</b>	<b>29.47</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cost or Deemed cost</b>		
Balance at the beginning of the year	65.10	33.98
Additions	-	31.12
<b>Balance at end of the year</b>	<b>65.10</b>	<b>65.10</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Accumulated depreciation and impairment</b>		
Balance at the beginning of the year	35.63	32.28
Depreciation expenses	4.45	3.35
<b>Balance at end of the year</b>	<b>40.07</b>	<b>35.63</b>
<b>Carrying amount at the end of year</b>	<b>25.03</b>	<b>29.47</b>

Note - 5

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>I. Quoted Investments</b>		
<i>a) Investments in Equity Instruments at cost</i>		
Nil (2018 - 1,20,19,000) Shares of Rs.10 each fully paid up in Kothari Petrochemicals Limited (Associate Company till January 10, 2019)	-	1,201.90
<b>Total Aggregate Quoted Investments</b>	-	<b>1,201.90</b>
Aggregate book value of quoted investments	-	1,201.90
Aggregate market value of quoted investments	-	2,656.20
<b>II. Un-quoted Investments</b>		
<i>a) Investments in Equity Instruments at cost</i>		
Kothari International Trading Limited Wholly Owned Subsidiary Rs.10/- each till February 17, 2019 'Nil (2018 - 9,99,950)	-	99.99
Less: Diminution in value of investments	-	<b>99.99</b>
<b>Total aggregate of un-quoted Investments</b>	-	-
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
<b>Total Non-Current Investments</b>	-	<b>1,201.90</b>

During January 2019, the Company sold 59,60,000 equity shares in Kothari Petrochemicals Limited (KPL). Consequently, KPL ceased to be an associate Company with effect from January 11, 2019. Balance investments equity shares in KPL has been reclassified under current investments (Ref. Note 6).

During February 2019, Company sold the entire (100%) holdings of 9,99,950 equity shares held in Kothari International Trading Private Limited (KITPL). Consequently, KITPL ceased to be a subsidiary company with effect from February 18, 2019.

**Note - 6 - INVESTMENTS**

(₹ in Lakhs)

Particulars	No.Shares / Bonds/Units	As at March 31, 2019	No.Shares / Bonds/Units	As at April 01, 2018
<b>I. Quoted Investments</b>				
<b>a) Investments in Equity Instruments at FVTPL</b>				
BHARAT HEAVY ELECTRICALS LIMITED (₹ 2 EACH)	-	-	3,750	3.05
BGR ENERGY SYSTEMS LIMITED (₹ 10 EACH)	-	-	290	0.30
HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	-	-	4,600	1.02
IDFC Ltd. (₹ 10 EACH)	-	-	1,000	0.49
RELIANCE COMMUNICATIONS LIMITED (₹ 5 EACH)	-	-	5,000	1.09
RELIANCE INFRASTRUCTURE LIMITED (₹ 10 EACH)	-	-	450	1.92
RELIANCE POWER LTD (₹ 10 EACH)	-	-	4,375	1.58
SINTEX INDUSTRIES LIMITED (Re.1 EACH)	-	-	1,800	0.32
SINTEX PLASTIC TECHNOLOGY LIMITED (Re.1 EACH)	-	-	1,800	1.04
TATA POWER COMPANY LIMITED (Re.1 EACH)	-	-	19,380	15.31
KOTHARI PETROCHEMICALS LIMITED (₹ 10 EACH)	60,59,000	1,136.06	-	-
GUJARAT PETROSYNTHESIS LTD (₹ 10 EACH)	5,000	1.11	5,000	1.09
<b>Total</b>		<b>1,137.17</b>		<b>27.20</b>
<b>b) Other Investments in Mutual Funds / Bonds/NCD at FVTPL</b>				
SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	-	-	93,528	18.13
HDFC FMP 1107D - SERIES 36	20,00,000	251.91	20,00,000	235.38
RELIANCE FIXED HORIZON FUND - SERIES 17	13,00,000	164.28	13,00,000	152.89
RELIANCE FIXED HORIZON FUND - SERIES 19	20,00,000	250.22	20,00,000	232.79
ICICI PRUDENTIAL FMP SERIES 79	10,00,000	124.89	10,00,000	115.93
HDFC FMP 1113D - SERIES 36	10,00,000	124.02	10,00,000	115.43
HDFC FMP 1199D - SERIES 37	2,68,914	31.60	2,68,914	29.40
IDFC CORPORATE BOND FUND	19,30,875	248.32	19,30,875	231.13
IDFC CREDIT OPPORTUNITIES FUND	-	-	3,50,000	37.96
TATA MOTORS FINANCE LIMITED	30	333.00	30	300.00
IFCI LIMITED	10,000	101.18	10,000	100.00
NABARD	-	-	1,500	192.87
IDFC YEARLY SERIES INTERVAL FUND (SERIES II)	66,259	10.88	66,259	10.10
RELIANCE FIXED HORIZON FUND - SERIES 15	30,00,000	306.61	-	-
HDFC FMP 1133 D - SERIES 44	20,00,000	202.74	-	-
IDFC FIXED TERM PLAN SERIES 178	20,00,000	200.69	-	-
IDFC ULTRA SHORT TERM FUND	14,10,775	149.61	-	-
HDFC ULTRA SHORT TERM FUND	18,82,978	197.23	-	-
RELIANCE ULTRA SHORT DURATION FUND	4,625	141.36	-	-
ADITYA BIRLA SUNLIFE SAVINGS FUND	1,72,577	641.57	-	-
FRANKLIN INDIA ULTRA SHORT TERM BOND FUND	7,65,143	201.86	-	-
IDFC CASH FUND - DIRECT	-	-	11,763	248.22
PRAMERICA ULTRA SHORT TERM FUND - DIRECT	-	-	1,19,153	25.42
PRAMERICA LOW DURATION FUND - DIRECT	-	-	20,804	5.08
INVESCO INDIA MEDIUM TERM BOND FUND	-	-	724	13.18
<b>Total</b>		<b>3,681.96</b>		<b>2,063.92</b>
<b>Total Quoted Investments</b>		<b>4,819.14</b>		<b>2,091.12</b>
<b>I. Un-quoted Investments</b>				
<b>a) Investments in Equity Instruments at Cost</b>				
BIO-TECH CONSORTIUM LTD (₹ 10 EACH)	50,000	5.00	50,000	5.00
KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES CO-OPERATIVE SOCIETY LTD OF ₹ 10/- EACH.	2,086	0.20	2,086	0.20
KOTHARI BIOTECH LIMITED (₹ 10/- EACH)	20	0.003	20	0.003
<b>b) Govt Securities</b>				
INDIRA VIKAS PATRA	-	-	-	0.05
<b>Total Un-quoted Investments</b>		<b>5.20</b>		<b>5.25</b>
<b>Total other Investments</b>				
<b>Current</b>		<b>4,824.34</b>		<b>2,096.37</b>

Note - 7

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Considered Good - Secured	-	-
Considered Good - Unsecured	1,702.38	1,783.36
Significant Increase in credit risk	28.83	-
Credit Impaired	-	-
	<b>1,731.21</b>	<b>1,783.36</b>
<b>Current</b>	1,731.21	1,783.36
<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 Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Within Credit period	680.28	1,131.77
31-60 days past due	637.62	508.51
61-90 days past due	84.86	53.23
More than 90 days	328.45	89.85
<b>Total</b>	<b>1,731.21</b>	<b>1,783.36</b>

Note - 8

## OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>At Amortised Cost</b>				
a) Security Deposit	89.91	122.74	33.90	19.15
b) Interest receivable	-	119.60	10.95	-
c) Dividend from Associate /Subsidiary	-	-	-	-
d) Advance recoverable in cash				-
(i) Unsecured and Considered good	2.15	-	151.26	171.71
(ii) Considered doubtful	-	-	-	-
Less: Provision for Doubtful advances	-	-	-	-
<b>Total</b>	<b>92.06</b>	<b>242.34</b>	<b>196.11</b>	<b>190.86</b>

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

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Capital Advances	-	-	205.12	-
b) Balance with Customs and Central Excise / GST authorities	-	-	144.37	-
c) Advance recoverable in kind or for value to be received				
(i) Unsecured and Considered good	1.44	1.44	328.80	406.81
(ii) Considered doubtful	-	-	-	-
Less: Provision for Doubtful advances	-	-	-	-
<b>Total</b>	<b>1.44</b>	<b>1.44</b>	<b>678.29</b>	<b>406.81</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Raw Materials	211.78	239.07
b) Work-in-Process	457.45	227.17
c) Finished goods	12,547.95	11,585.69
d) Stores and spares	631.03	703.21
<b>Total</b>	<b>13,848.21</b>	<b>12,755.13</b>

The cost of inventories recognised as an expense during the year was ₹ 23,399.79 Lakhs (2017-18 ₹ 20,780.53 Lakhs)

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Balances with Bank		
(i) In Current account	694.33	225.24
(ii) In Deposit account	-	11.33
b) Cash on hand	1.65	6.41
<b>Total</b>	<b>695.98</b>	<b>242.97</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 12

## OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) Balances with banks in earmarked accounts</b>		
(i) In unpaid Dividend account	9.75	9.79
(ii) In cane development / SEFASU No-lien account	-	0.90
(iii) In margin money accounts for Bank Guarantee issued	47.29	43.59
<b>Total</b>	<b>57.04</b>	<b>54.28</b>

## Note - 13

## CURRENT TAX ASSET AND LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax refund receivable (net)	147.78	176.67
<b>Total</b>	<b>147.78</b>	<b>176.67</b>

## Note - 14

## EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>AUTHORISED</b>		
Equity Shares :		
13,00,00,000 Equity shares of ₹ 10 each (March 31, 2018 - 13,00,00,000)	13,000.00	13,000.00
12,00,000 Redeemable Preference shares of ₹ 100 each (March 31, 2018 - 12,00,000)	1,200.00	1,200.00
20,00,000 Redeemable Preference shares of ₹ 10 each (March 31, 2018 - 20,00,000)	200.00	200.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
8,28,88,580 Equity Shares of ₹ 10/- each (March 31, 2018 - 8,28,88,580)	8,288.86	8,288.86
<b>Total</b>	<b>8,288.86</b>	<b>8,288.86</b>

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

Reconciliation	2018-19		2017-18	
	No. of shares	₹ Lakh	No. of shares	₹ Lakh
<b>a) Equity Shares of ₹ 10 each fully paid up</b>				
At the beginning of the period	8,28,88,580	8,288.86	8,28,88,580	8,288.86
At the end of the period	8,28,88,580	8,288.86	8,28,88,580	8,288.86

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

Reconciliation	No. of shares held as at			
	March 31, 2019		March 31, 2018	
	Nos.	%	Nos.	%
Parvathi Trading and Finance Co Pvt.Ltd (Holding Company)	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. All equity shares have equal rights to receive or participate in any dividend in respect of such shares.

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Capital Redemption Reserve</b>	1,400.00	1,400.00
Debenture Redemption Reserve	750.00	750.00
General Reserve	1,178.60	1,178.60
Actuarial valuation movement through other comprehensive income (net of tax)	(3.96)	(2.13)
Retained earnings	3,592.71	2,321.67
<b>Total</b>	<b>6,917.35</b>	<b>5,648.14</b>

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) Capital Redemption Reserve</b>		
Opening balance	1,400.00	1,400.00
Add: Appropriation from statement of Profit and Loss	-	-
<b>Closing Balance</b>	<b>1,400.00</b>	<b>1,400.00</b>

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

<b>b) Debenture Redemption Reserve</b>		
Opening balance	750.00	750.00
Add: Appropriation from statement of Profit and Loss	-	-
<b>Closing Balance</b>	<b>750.00</b>	<b>750.00</b>
<b>c) General Reserve</b>		
Opening balance	1,178.60	-
Add: Restatement equity instrument at cost (Kothari Petrochemicals Ltd) on transition to Ind AS	-	1,178.60
<b>Closing Balance</b>	<b>1,178.60</b>	<b>1,178.60</b>

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

<b>d) Actuarial movement through Other Comprehensive Income</b>		
Opening balance	(2.13)	0.23
Additions/(Deletions)	(1.83)	-2.36
<b>Closing Balance</b>	<b>(3.96)</b>	<b>(2.13)</b>
<b>e) Retained Earnings</b>		
Opening balance	2,321.67	2,772.47
<b>Less: Transfer to Capital Redemption Reserve</b>	-	-
<b>Less: Dividend on Equity Shares</b>	-	<b>498.81</b>
<b>Profit /(Loss) for the year</b>	<b>1,271.04</b>	<b>48.01</b>
<b>Closing Balance</b>	<b>3,592.71</b>	<b>2,321.67</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>6,917.35</b>	<b>5,648.14</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note - 16**

**NON-CURRENT BORROWINGS**

(₹ in Lakhs)

Particulars	Non-Current Portion		Current Maturities	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Unsecured - at amortised cost</b>				
i) Term Loans from others	276.56	255.46	-	-
ii) Liability component of Term Loan	224.21	246.11	-	-
<b>Sub-total</b>	<b>500.77</b>	<b>501.57</b>	<b>-</b>	<b>-</b>
<b>Secured - at amortised cost</b>				
i) Bonds / Debentures (Holding Company)	576.11	524.45	-	-
ii) Liability component of Bonds/ Debentures	578.51	635.01	-	-
iii) Bonds / Debentures (others)	187.57	170.59	-	-
iv) Liability component of Bonds/ Debentures	198.68	218.09	-	-
v) Term Loans from Banks	178.07	403.98	231.28	1,037.06
vi) Term Loans from Sugar Development Fund (Govt. of India)	165.39	579.82	414.44	693.89
vii) Term Loans from others	251.18	225.32	-	-
viii) Liability component of Term Loan	315.45	346.26	-	-
<b>Sub-Total</b>	<b>2,450.96</b>	<b>3,103.52</b>	<b>645.72</b>	<b>1,730.95</b>
<b>Grand Total</b>	<b>2,951.73</b>	<b>3,605.09</b>	<b>645.72</b>	<b>1,730.95</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 16 (cont)

## SUMMARY OF BORROWING ARRANGEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	Rate of interest %	Amount of each installment	Security	Terms of Repayment
Zero Coupon Bonds (₹ 100 each Redeemable at par) Holding Company	1,029.79	1,034.44	-	1,383.44	First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the Company.	Redeemable in June 2029. Repayable in one instalment.
Debentures (₹ 100 each) - Holding Company	124.83	125.02	-	150.00	First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the Company.	Redeemable in June 2029. Repayable in one instalment.
Term Loan - Holding Company)	566.63	571.58	-	821.20	Hypothecation of Movable properties including plant and machinery situated at Kattur unit, Tamil Nadu.	Repayable in June 2029 in one instalment.
Zero Coupon Bonds (₹ 100 each Redeemable at par)-others	386.25	388.68	-	497.58	First charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the Company.	Redeemable in June 2029. Repayable in one instalment.
Term Loan - others	500.77	501.57	-	623.15	Unsecured	Repayable in June 2029 in one instalment.
Indian Bank (Sathamangalam Modernisation)	392.39	602.79	10.95	17.86	Parri Passu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit with Sugar Development Fund,	Repayable in 84 monthly instalments.
Indian Bank (SEFASU, 2014)	-	780.74	-	78.22	Parri Passu First charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit with Sugar Development Fund	Repayment in 5 years with 2 year moratorium and 36 equal monthly installments.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at March 31, 2019	As at March 31, 2018	Rate of interest %	Amount of each installment	Security	Terms of Repayment
<b>Sugar Development Fund Loans</b>						
Kattur Plant Modernisation and Expansion of Sugar unit	256.62	513.24	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	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.
Sathamangalam unit Cane development (Tranche II)	22.83	68.48	6.75	22.83	Bank Guarantee.	Repayment 8 half yearly installments starting from February 2016 to August 2019.
Sathamangalam unit Cane development (Tranche I)	148.50	222.75	7.00	37.12	Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit with Indian Bank.	Repayment 8 half yearly installments starting from June 2017 to December 2020.
Sathamangalam unit Cane development (Tranche II)	151.88	212.63	7.00	30.38	Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit with Indian Bank.	Repayment 8 half yearly installments starting from January 2018 to July 2021.
<b>Others</b>						
HDFC Bank (Vehicle loan)	16.96	57.50	8.71	3.40	Secured by hypothecation of vehicle purchased	Repayable in 3 years with monthly instalments.
<b>Total</b>	<b>3,597.45</b>	<b>5,336.04</b>				

**Note - 17**
**SHORT TERM BORROWINGS**

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured - at amortised cost</b>		
Loan repayable on demand (refer note a below)	<b>7,971.66</b>	<b>6,673.78</b>

Working capital facilities in the form of open cash credit from Indian bank is secured by Parri Passu first charge on land, buildings and Plant and equipment and all the movable properties (present and future) of Sathamangalam sugar and Co-generation Unit, with Sugar Development Fund and hypothecation of Finished Goods / Work-in-process/stores and spares and book debts. Interest rate is at MCLR plus 1.25% i.e. 10% p.a.

Note - 18

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Total Outstanding dues to Micro and Small and Medium enterprises	2.72	60.36
(b) Total Outstanding dues of creditors other than Micro and Small and Medium enterprises	7,998.86	7,372.98
<b>Employee related</b>	<b>120.61</b>	<b>116.33</b>
<b>Total</b>	<b>8,122.19</b>	<b>7,549.66</b>

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

## Dues to MSME

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Principal outstanding	2.72	60.36
(b) Interest thereon	0.06	-
(c) Interest Paid by the Company	-	-
(d) Amount of Interest due and payable	0.06	-
(e) Amount of Interest accrued and unpaid	0.06	-

During the course of the current financial year we have obtained details relating to MSME Vendors. Based on the available information we have identified the outstanding as at March 31, 2019. Similarly, based on the information received during the current financial year, we have extrapolated the outstandings as at the previous year end 31<sup>st</sup> March 2018 and accordingly shown the same for the purpose of comparison. Since, the opening outstandings were fully paid during the current financial year, we have not considered any interest provision as at March 31, 2018.

Note - 19

## OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	Current		Non-Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>At Amortised Cost</b>				
a) Current maturities of long-term debt	645.72	1,730.95	-	-
b) Interest accrued but not due on borrowings	93.69	271.12	-	-
c) Unclaimed dividends (refer note 19.1 & 19.2)	9.75	9.79	-	-
(i) Advances and Deposits repayable in cash	22.35	22.72	-	-
(ii) Other Miscellaneous liabilities	75.91	20.79	-	-
<b>Total</b>	<b>847.42</b>	<b>2,055.37</b>	<b>-</b>	<b>-</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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 20**
**OTHER LIABILITIES**

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Statutory remittances (Contributions to PF, ESIC, TDS, GST, VAT, Service tax etc)	-	-	136.64	55.89
b) Advances and Deposits from Customers / others	-	-	207.10	60.19
c) Deferred revenue arising from Interest free deposit	10.80	1.66	-	-
d) Gratuity payable	-	-	44.07	36.00
<b>Total</b>	<b>10.80</b>	<b>1.66</b>	<b>387.81</b>	<b>152.08</b>

**Note - 21**
**PROVISIONS**

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Compensated absences (Earned Leave)	-	-	51.68	44.81
b) Related to expenses	-	-	173.67	143.72
<b>Total</b>	<b>-</b>	<b>-</b>	<b>225.35</b>	<b>188.53</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Sale of Products	32,932.59	28,799.14
	32,932.59	28,799.14
(b) Other operating revenues		
Technical service fee	264.00	182.78
Scrap sales	25.19	18.65
<b>Total</b>	<b>33,221.78</b>	<b>29,000.57</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest income		
On bank deposits and others	73.89	85.33
(b) Dividend Income		
From equity and Mutual Funds	93.98	30.40
(c) Other gains or losses		
Profit on sale of Fixed Assets (net)	3.57	10.38
Net gain arising on financial assets designated as at FVTPL	660.32	113.35
Profit on sale of Shares in Associate Company	664.54	-
Profit on sale of Shares in Wholly owned Subsidiary	25.00	-
Net gain on foreign currency transaction	-	6.00

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(d) Other non-operating income		
Operating lease rental from Investment property	49.48	41.88
Insurance claims received	14.63	13.99
Liability no longer required written back	12.45	18.04
Interest income others	128.62	128.62
Other Miscellaneous income	7.75	77.14
<b>Total</b>	<b>1,734.24</b>	<b>525.12</b>

## Note - 24 COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sugarcane	19,371.89	15,867.04
Coal	674.70	655.58
Others (Molasses etc)	3,965.96	1,259.94
Chemical and Others	320.85	275.71
Raw Sugar	-	1,543.71
Packing	258.94	310.14
<b>Total</b>	<b>24,592.34</b>	<b>19,912.11</b>

## Note - 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Opening 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>
<b>Closing Stock :</b>		
<b>Finished goods</b>		
Sugar	11,763.04	11,006.40
Molasses	458.93	300.43
Industrial Alcohol	325.98	1,159.95
<b>Work in progress</b>		
Sugar	444.60	220.53
Molasses	12.86	6.65
Decrease / (Increase) in stocks	13,005.41	12,693.95
Less: Excise duty impact reversed on opg. stocks	881.09	-
<b>Net change (Increase) / Decrease</b>	<b>(1,192.55)</b>	<b>868.43</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 26**
**EMPLOYEE BENEFIT EXPENSE**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Salaries, Wages and Bonus	1,662.28	1,542.94
(b) Contribution to Provident and other Funds	172.09	163.31
(c) Workmen and Staff welfare expenses	211.43	130.51
<b>Total</b>	<b>2,045.79</b>	<b>1,836.76</b>

**Note - 27**
**FINANCE COST**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Interest costs		
(a) Bank loans	681.53	624.45
(ii) Other borrowing costs	22.65	25.27
<b>Total</b>	<b>704.18</b>	<b>649.72</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation/amortisation on		
a) Property, Plant and Equipment	1,274.56	1,379.89
b) Investment property	2.37	2.37
c) Intangible assets	4.45	3.35
<b>Total</b>	<b>1,281.38</b>	<b>1,385.61</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
a) Consumption of stores and spare parts		941.42		613.60
b) Power and Fuel		641.74		531.61
c) Rent		39.81		35.16
d) Repairs-Buildings	138.88		116.85	
e) Repairs-Machinery	618.60		388.84	
f) Repairs-Others	123.52	880.99	140.64	646.33
g) Biocompost		79.02		55.04
h) Insurance		104.67		87.54
i) Rates and Taxes		98.57		141.33
j) Excise duty / Service tax / GST expunged		72.58		62.66

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
k) Freight & Clearing Expenses		866.84		456.85
l) Directors Sitting fees		8.10		6.70
m) Auditor's Remuneration		5.50		5.50
n) Travelling Expenses		156.35		123.82
o) Professional Fees		160.22		69.18
p) Commission		29.09		27.98
q) CSR expenditure		10.00		6.26
r) Administration Expenses		521.44		390.42
s) Bad Debts		152.00		8.40
t) Miscellaneous Expenses		9.84		12.05
<b>Total</b>		<b>4,778.18</b>		<b>3,280.42</b>

## Note - 30 EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Exceptional items of (Debit)</b>		
Electricity matters	465.30	-
Cane related matters	-	1,017.78
<b>Total</b>	<b>465.30</b>	<b>1,017.78</b>

## Note - 31 PAYMENT TO AUDITORS

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
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
<b>Total</b>	<b>5.50</b>	<b>6.10</b>

## Note - 32

## DIRECT OPERATING EXPENSES ARISING FROM INVESTMENT PROPERTY

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Direct operating expenses arising from investment property that generated rental income during the year	5.07	5.23
Direct operating expenses arising from investment property that did not generate rental income during the year	1.16	0.85
<b>Total</b>	<b>6.23</b>	<b>6.08</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 33**
**DIRECTOR'S REMUNERATION**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Whole-Time Director	40.19	-
b) Sitting Fees Non-executive directors	8.10	6.70
<b>Total</b>	<b>48.29</b>	<b>6.70</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rental income	49.48	41.88
<b>Total</b>	<b>49.48</b>	<b>41.88</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Deferred tax assets	358.91	628.23
Deferred tax liabilities	(3,695.61)	(3,462.43)
<b>Total</b>	<b>(3,336.70)</b>	<b>(2,834.20)</b>

2018-19	Opening balance	Recognised in profit or loss account	Recognised in Other Comprehensive income	Closing balance
<b>Deferred tax (Liabilities) / Asset in relation to</b>				
Property, Plant and equipment	(3,462.43)	(43.36)	-	(3,419.07)
Provision compensated absences and others	65.75	66.05	-	(0.30)
Financial Assets at FVTPL	-	276.24	-	(276.24)
Defined benefit obligation	1.13	-	0.98	2.11
<b>Total</b>	<b>(3,395.55)</b>	<b>298.93</b>	<b>0.98</b>	<b>(3,693.50)</b>
Tax losses	561.35	204.55	-	356.80
<b>Net Deferred tax Assets / (Liability)</b>	<b>(2,834.20)</b>	<b>503.48</b>	<b>0.98</b>	<b>(3,336.70)</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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>

## Note - 36

## INCOME TAXES RELATING TO CONTINUING OPERATIONS

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Current tax</b>		
for Current year	506.88	80.92
for Previous years	-	-
<b>Deferred tax</b>		
for Current year	503.48	137.98
<b>Total</b>	<b>1,010.35</b>	<b>218.90</b>

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

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Profit before tax from continuing operations</b>	<b>2,281.40</b>	<b>266.92</b>
Income tax expenses calculated at 21.5488% (2017 - 18 : 20.3889%)	491.61	54.42
Effect of Income exempt from tax	(19.50)	(6.20)
Expenses not deductible in determining taxable profits	34.76	32.70
<b>Total</b>	<b>506.88</b>	<b>80.92</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	2018-19	2017-18
<b>Deferred tax</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Re-measurement of defined benefit obligation	0.98	1.25
<b>Total income tax recognised in other comprehensive income</b>	<b>0.98</b>	<b>1.25</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.

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

**Inter segment transfer pricing :**

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

## 37.1 Segment Reporting

## OPERATING SEGMENTS REVENUE AND RESULTS

(₹ in Lakhs)

Particulars	OPERATING SEGMENTS									
	Sugar		Co-generation		Distillery		Elimination		Overall	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Revenue (Sales/Income)</b>										
External customers (net of excise duties)	18,845.43	20,681.16	5,287.84	2,417.32	8,799.32	5,394.49			32,932.59	28,492.96
Other operating revenue	279.73	199.65	4.96		4.50				289.19	199.66
Excise duties on sales	-	301.26				6.69			-	307.95
Inter-segment sales	2,068.06	1,850.11	1,603.68	1,484.74	143.64	100.19	(3,815.37)	(3,435.04)	-	-
<b>Total</b>	<b>21,193.22</b>	<b>23,032.18</b>	<b>6,896.48</b>	<b>3,902.06</b>	<b>8,947.46</b>	<b>5,501.37</b>	<b>(3,815.37)</b>	<b>(3,435.04)</b>	<b>33,221.78</b>	<b>29,000.57</b>
Operating Profit/ (Loss)	(1,786.46)	(1,978.96)	514.46	(133.25)	3,557.38	3,288.94			2,285.38	1,176.73
Interest income									73.89	85.33
Dividend income									93.98	30.40
Other Unallocated income / (exp)									532.32	(375.82)
Finance costs									(704.18)	(649.72)
<b>Profit/(Loss) before tax</b>	<b>(1,786.46)</b>	<b>(1,978.96)</b>	<b>514.46</b>	<b>(133.25)</b>	<b>3,557.38</b>	<b>3,288.94</b>	<b>-</b>	<b>-</b>	<b>2,281.40</b>	<b>266.92</b>
<b>Tax Expenses</b>										
Current tax	-	-	-	-	-	-	-	-	506.88	80.92
Previous year tax	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-	503.48	137.98
<b>Total Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,010.35</b>	<b>218.90</b>
Net Profit after tax									1,271.04	48.01
<b>Other information</b>										
Segment Assets	21,748.92	20,477.74	5,985.21	6,903.95	5,165.60	5,459.49			32,899.74	32,841.18
Unallocated Corporate Assets									6,519.04	4,784.42
<b>Total Assets</b>									<b>39,418.78</b>	<b>37,625.60</b>
Segment Liabilities	7,697.29	8,339.44	1,817.01	1,496.98	225.99	165.09			9,740.29	10,001.51
Unallocated Corporate Liabilities									14,472.28	13,687.09
<b>Total Liabilities</b>									<b>24,212.57</b>	<b>23,688.60</b>
Capital Expenditure	115.47	62.47	29.86	4.21	0.73	36.08			146.06	102.77
Unallocated capital expenditure									19.38	72.66
<b>Total Capital Expenditure</b>									<b>165.44</b>	<b>175.43</b>
Depreciation	544.38	568.38	428.70	511.29	252.38	251.84			1,225.46	1,331.51
Unallocated Depreciation									55.92	54.10
<b>Total Depreciation</b>									<b>1,281.38</b>	<b>1,385.61</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>	<b>-</b>	<b>-</b>

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## 37.2 Geographical Information

(₹ in Lakhs)

Particulars	Rest of the world		India		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Segment Revenue	-	-	33,221.78	29,000.57	33,221.78	29,000.57
Non-current asset \$	-	-	16,788.85	17,846.68	16,788.85	17,846.68

\$ 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 ₹ 119.62 Lakhs (2017-18 ₹ 112.90 Lakhs) for provident fund contribution and for superannuation fund contribution of ₹ 8.42 lakh (2017-18 ₹ 7.80 Lakhs) in the statement of Profit or loss. The contribution payable to these plans by the Company are at rates specified in the rules of the schemes.

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

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2019 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 Statement 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 FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	GRATUITY (FUNDED)	
	2018-19	2017-18
<b>Present value of obligations at the beginning of the year</b>	<b>452.60</b>	<b>398.96</b>
Current service cost	67.07	67.64
Interest Cost	37.02	32.12
Re-measurement (gains) / losses:		
-Actuarial gains and losses arising from change in financial assumption	(11.69)	(13.84)
-Actuarial gains and losses arising from experience adjustment	(3.69)	(4.37)
Benefits paid	(52.42)	(27.90)
<b>Present value of obligations at the end of the year</b>	<b>488.89</b>	<b>452.60</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>397.68</b>	<b>326.62</b>
Interest income	30.77	25.85
Return on plan assets	(11.00)	(12.68)
Contributions by the employer	55.13	85.78
Benefits paid	(52.42)	(27.90)
<b>Fair value of plan assets at the end of the year</b>	<b>420.15</b>	<b>397.68</b>
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	488.89	452.60
Less: share of obligation pertaining to Associate Company under common Gratuity Trust	(24.67)	(19.11)
<b>Fair value of plan assets at end of the year</b>	<b>420.15</b>	<b>397.68</b>
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>44.07</b>	<b>35.82</b>
Components of defined benefit cost recognized in profit or loss		
Current service cost	67.07	67.64
<b>Net interest expenses</b>	<b>37.02</b>	<b>32.12</b>
<b>Net cost in Profit or Loss</b>	<b>104.09</b>	<b>99.76</b>
Components of defined benefit cost recognized in Other Comprehensive income		
Re-measurement on the net defined benefit liability:		
-Actuarial gains and losses arising from change in financial assumption	(11.69)	(13.84)
-Actuarial gains and losses arising from experience adjustment	(3.69)	(4.37)
Return on plan assets	11.00	12.68
<b>Net Cost</b>	<b>(4.38)</b>	<b>(5.53)</b>
<b>Less: Allocation to Associate Company under common gratuity trust</b>	<b>(1.57)</b>	<b>(1.92)</b>
<b>Net Cost in other Comprehensive Income</b>	<b>(2.81)</b>	<b>(3.61)</b>

Particulars	2018-19	2017-18
<b>Assumptions</b>		
Discount rate	7.60%	7.71%
Expected rate of salary increase	6.50%	6.50%
Expected rate of attrition	2.00%	2.00%
Average age of members	40.40	40.10
Average remaining working Life	13.90	14.10
Mortality (IALM - 2006 - 08) Ultimate	100%	100%

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

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

(₹ in Lakhs)

Particulars	For the period ending	
	31-Mar-19	31-Mar-18
(Gain) / Loss on Plan Liabilities	(3.69)	(4.37)
% of Opening Plan Liabilities	-0.82%	-1.10%
Gain / (Loss) on Plan Assets	(11.00)	(12.68)
% of Opening Plan Assets	-2.77%	-3.88%

**Notes :**

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors.
- The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The Company's gratuity funds are managed by the M/s. Reliance Nippon Life Insurance Company Limited and therefore the composition of the fund assets is not presently ascertained.
- The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 44.07 lakhs (as on 31 March, 2018 ₹ 35.82 lakhs).

**Note (ii) Sensitivity Analysis**

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

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Discount rate		
- 0.50% increase	-17.99	-16.61
- 0.50% decrease	19.21	17.70
Salary growth rate		
- 0.50% increase	19.21	17.70
- 0.50% decrease	-17.99	-16.61
Attrition rate		
- 0.50% increase	1.91	2.26
- 0.50% decrease	-2.03	-2.44

**NOTE 39 EARNINGS PER SHARE**

Particulars	2018-19	2017-18
Basic Earnings per share (₹)	1.53	0.06
Diluted Earnings per share (₹)	1.53	0.06

**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 :

Particulars	2018-19	2017-18
<b>Profit after Taxation (₹ in Lakh)</b>	1,271.04	48.01
Earnings used in the calculation of basic earnings per share (₹ lakh)	1,271.04	48.01
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 Lakhs)

Particulars	2018-19	2017-18
Earnings used in the calculation of basic earnings per share	1,271.04	48.01
Adjustments (if any)	-	-
Earnings used in the calculation of diluted earnings per share	1,271.04	48.01

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: (₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Equity</b>	<b>15,206.21</b>	<b>13,937.00</b>
Debt	11,569.12	12,009.82
Cash and cash equivalents	(695.98)	(242.97)
<b>Net debt</b>	<b>10,873.14</b>	<b>11,766.85</b>
<b>Total capital (Equity + Net debt)</b>	<b>26,079.35</b>	<b>25,703.85</b>
Net debt to capital ratio	0.42	0.46

**40.2 Categories of financial instruments**

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
a) Mandatorily measured:		
i) Equity instruments and Mutual Funds	<b>4,819.14</b>	<b>2,091.12</b>
<b>Measured at amortised cost</b>		
i) Cash and bank balances	753.02	297.25
ii) Other financial assets	-	-
<b>Measured at cost</b>		
i) Investments in equity instruments and others designated upon initial recognition	5.20	5.25
ii) Investments in equity instruments in subsidiaries and associate	-	1,201.90
<b>Financial Liabilities</b>		
Measured at amortised cost	2,951.73	3,605.09
Measured at FVTPL	33.15	24.38

**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 this 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 2019.

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

The table below provides details regarding contractual maturities of financial liabilities as at 31, March 2018.

(₹ in Lakhs)

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.

(₹ in Lakhs)

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS****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* (Rs. Lakh)		Fair value hierarchy	Valuation techniques & Key inputs used
	As at March 31, 2019	As at March 31, 2018		
1) Investment in quoted equity instruments at FVTPL	4,819.14	2,091.12	Level 1	Refer Note 2 below
2) Financial liabilities	(33.15)	(24.38)	Level 2	Refer Note 2 below

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

**Notes :**

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

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

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

Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>					
Financial assets at amortised cost:					
Trade receivables	Level 2	1,731.21	1,731.21	1,783.36	1,783.36
Cash and cash equivalents	Level 2	695.98	695.98	242.97	242.97
Bank balances other than cash and cash equivalents	Level 2	57.04	57.04	54.28	54.28
Other financial assets	Level 2	288.16	288.16	433.20	433.20

(₹ in Lakhs)

Particulars	Fair value hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Liabilities</b>					
Financial liabilities at amortised cost:					
Borrowings	Level 2	12,436.48	11,569.11	12,869.56	12,009.82
Trade payables	Level 2	8,122.19	8,122.19	7,549.66	7,549.66
Other financial liabilities	Level 2	847.42	847.42	2,055.37	2,055.37

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

**Note - 42**

**Related Party Disclosure for the year ended March 31, 2019**

<b>Holding / Investing / Promoter Group (HC)</b>	-	<b>Parvathi Trading &amp; Finance Co. Pvt. Ltd</b>
<b>Wholly Owned Subsidiary Company (SC)</b>	-	<b>Kothari International Trading Limited (upto 18.02.19)</b>
<b>Associate Company (AC)</b>	-	<b>Kothari Petrochemicals Limited (upto 10.01.19)</b>
<b>Key Managerial Personnel (KMP)</b>	-	<b>Mr. Arjun B Kothari, Managing Director</b> <b>Mr. M. Silvester Goldwin, Whole Time Director (Appointed w.e.f 1<sup>st</sup> August 2018)</b>
<b>Relative of KMP</b>	-	<b>Mrs. Nina B Kothari, Chairperson</b> <b>Mrs. Nayantara B Kothari</b>

**Transaction with related parties**

(₹ in Lakhs)

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		Nayantara B Kothari Relative of KMP		Arjun B Kothari Managing Director (KMP)		M. Silvester Goldwin Whole Time Director (KMP)		Parties with Significant influence & Joint Control (Direct and Indirect)							
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	Century Foods Pvt. Limited		Kothari Safe Deposit Limited		Kothari Bio Tech Limited		HCK Educational and Development Trust	
Lease in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29.09	25.10	-	-	-	-	-	-
Electricity charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.88	4.17	1.14	1.10	-	-	-	-
Proceeds from sale of Shares	-	-	-	-	-	-	1,285.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and other reimbursements	-	-	-	7.44	21.89	33.50	-	-	-	-	-	-	-	-	-	-	5.77	5.46	-	-	-	-
Rendering of Services (AMC and Tech fee)	-	-	-	-	264.00	247.78	-	-	-	-	-	-	-	-	-	-	-	-	-	11.22	-	-
Material purchased	-	-	-	-	-	0.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	90.14	30.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	1.35	1.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Consultancy service	-	-	-	-	-	-	30.00	5.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salary	-	-	-	-	-	-	-	-	-	-	-	-	40.19	-	-	-	-	-	-	-	-	-
Dividend paid	-	290.93	-	-	-	-	-	13.42	0.12	-	0.07	-	-	-	-	0.38	-	-	-	-	-	6.26
CSR expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-
<b>Closing Balance - Debit / (Credit)</b>																						
Term Loans	(251.18)	(225.32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(576.11)	(524.45)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 43

(₹ in Lakhs)

Particulars	2018-19	2017-18
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	533.58	25.96
<b>Other monies for which the Company is contingently liable</b>		
a) Bank Guarantees issued for loans from Sugar Development Fund and supply of goods.	270.81	243.34
b) Disputed Excise Duty and Customs demands (out of which ₹ 90.08 lakhs (2017 - ₹ 97.14 lakhs) have been deposited under protest.	828.85	865.09
c) Disputed electricity matters	1,236.03	997.37
d) Disputed Urban land tax	19.25	19.25

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

Note - 44

**Closure of Wholly owned Subsidiary etc.**

The Company during the financial year 2018-19 disposed of its entire equity holdings (100%) in Kothari International Trading Private Limited (KITPL) for a sale consideration of ₹ 25 lakhs based on the valuation report. The said consideration is appropriately recognised as other income and credited to the Profit and Loss account (Refer Note 23). By virtue of this transaction the said KITPL ceased to be an wholly owned subsidiary of its parent Company Kothari Sugars and Chemicals Limited with effect from 18<sup>th</sup> February 2019. During Financial year 2018-19 the wholly owned Subsidiary (KITPL) has made a Loss before tax of ₹ 0.41 lakhs upto the the date of cessation i.e. February 18, 2019.

The Company also divested a portion of investment made in Kothari Petrochemicals Limited (KPL). Due to the said divestment, KPL is no longer an Associate Company of Kothari Sugars and Chemicals Limited (KSCL).

Hence no consolidated financial statements have been prepared as the same is not required under Ind AS 110.

**45. Approval of financial statements**

The financial statements were approved by the Board of Directors on May 21, 2019.

**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 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 21, 2019





**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 58<sup>th</sup> Annual general meeting of the company, held on Wednesday the 7<sup>th</sup> August 2019 at 10.00 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**

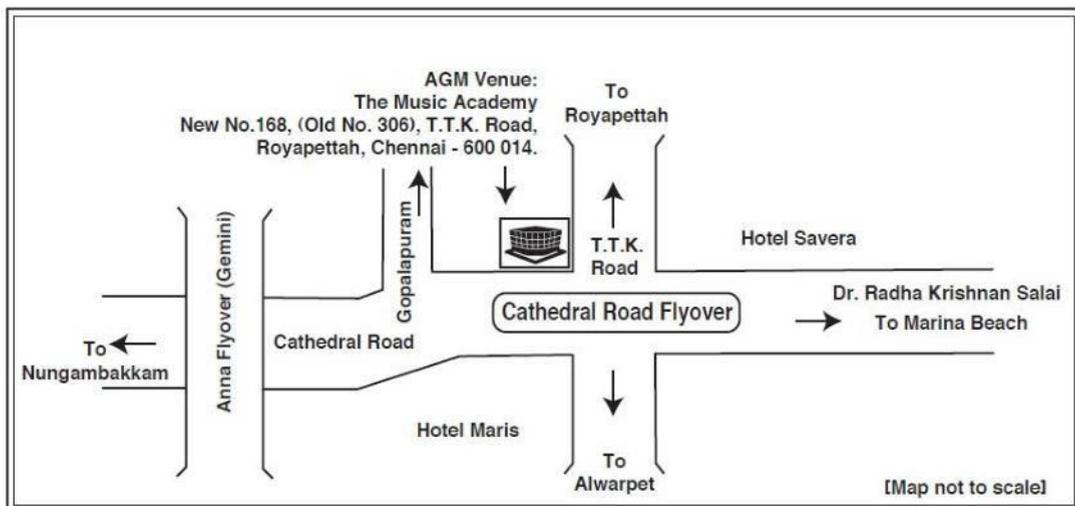
EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD
190702003	Folio No. / DP ID / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Saturday, 3 <sup>rd</sup> August, 2019 at 9.00 A.M	Tuesday, 6 <sup>th</sup> August, 2019 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 Wednesday 7<sup>th</sup> August, 2019 at 10.00 A.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 58<sup>th</sup> Annual General Meeting of the company, to be held on Wednesday the 7<sup>th</sup> August, 2019 at 10.00 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
<b>Ordinary Business</b>			
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend for the financial year 2018-19		
3.	Re-appointment of Mrs.Nina B Kothari who retires by rotation		
<b>Special Business</b>			
4.	Ratification of Remuneration to Cost Auditor		
5.	Re-appointment of Mr.Arjun B Kothari, as Managing Director of the Company		

Signed this ..... day of..... 2019.

Signature of shareholder



(Signature of first proxy holder) (Signature of second proxy holder) (Signature of third proxy holder)

### 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.