



Kothari Sugars and Chemicals Ltd.,

**53rd Annual Report
2013 - 14**

CORPORATE INFORMATION

Board of Directors	B.H.Kothari - Chairman & Managing Director P.S.Gopalakrishnan V.R.Deenadayalu P.S.Balasubramaniam (w.e.f 08.11.2013) Mrs.Nina Bhadrashyam Kothari (w.e.f.27.05.2014)
Company Secretary	R.Prakash
Chief Financial Officer	R. Krishnan
Statutory Auditors	R.Subramanian and Company Chartered Accountants, No.6, Krishnaswamy Avenue Luz, Mylapore, Chennai - 600 004.
Internal Auditors	(a) K.R.Sarangapani & Co, Chartered Accountants, Chennai - 600 083 (b) V.P.Mukundan & Associates Chartered Accountants, Chennai - 600 004
Cost Auditor	K.Suryanarayanan Chennai - 600 018
Legal Advisors	S.Ramasubramanian & Associates, Advocates, 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 Email: secdept@hckgroup.com Website: www.hckotharigroup.com/kscl
Registrar & Share Transfer Agents	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 5th Floor No.1, Club House Road, Chennai - 600 002. Phone No.044 - 28460390 to 28460394 Fax No. 044 - 28460129 e-mail: investor@cameoindia.com
Listing	The National Stock Exchange of India Limited (NSE), Mumbai
Stock Code	KOTARISUG
ISIN No.	INE419A01022
CIN No.	L15421TN1960PLC004310
Manufacturing Units	: Kattur Kattur Railway Station Road, Lalgudi Taluk, Trichy District, Tamil Nadu - 621 706 Sathamangalam Sathamangalam Village, Vetriyur Post, Keezhapalur, Ariyalur Taluk, Perambalur District, Tamil Nadu - 621 707

Contents

	Page No.
Financial Highlights	3
Directors' Report	4
Management Discussion and Analysis	9
Corporate Governance Report	11
Auditors' Report	19
Balance Sheet	22
Statement of Profit and Loss	23
Cash Flow Statement	24
Notes forming part of the Financial Statements	25
Consolidated Financial Statements & Notes thereon	47

Financial Highlights

(₹. In lakhs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Profitability items					
Gross Income	33,274	44,091	32,684	28,115	34,859
Gross Profit (PBDIT)	3,011	4,133	3,662	3,273	3,807
Depreciation	1,610	1,689	1,315	1,379	1,357
Profit/ (Loss) Before Interest & Tax	1,401	2,444	2,347	1,894	2,451
Interest	942	529	467	648	529
Profit/ (Loss) Before Tax	459	1,915	1,880	1,246	1,922
Income Tax	59	367	374	235	316
Deferred Tax Expenses	121	687	664	253	467
Profit/ (Loss) After Tax	279	861	841	757	1,139
BALANCE SHEET ITEMS					
Net Fixed Assets (incl.CWIP)	22,445	22,736	20,764	19,919	20,763
Investments	1,583	838	656	3,200	3,823
Net Assets (Current / non current)	3,757	4,030	4,427	4,984	4,146
Total Capital Employed	27,785	27,604	26,098	26,124	28,732
Shareholders Funds	12,849	13,155	12,393	11,652	10,995
OTHERS					
Book Value per share (Rs.)	16	16	15	14	13
EPS (Rs.)	0.34	1.04	1.01	0.91	1.37

DIRECTORS' REPORT

To the Members

The Directors present the 53rd Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2014.

The financial highlights of the Company for the year are summarised below.

(₹. in Lakhs)

Description	2013-14	2012-13
Profit/(Loss) before Interest and Depreciation	3,010.89	4,133.27
Interest	941.33	528.74
Depreciation	1,609.62	1,689.21
Profit/(Loss) Before Tax	459.19	1,915.32
Tax Adjustments including Deferred Tax	180.47	1,054.00
Profit / (Loss) after Tax	278.72	861.32
Transfer to Debenture Redemption Reserve	75.00	75.00
Transfer to Capital Redemption Reserve	100.00	100.00
Proposed Dividend	414.44	-
Dividend Distribution Tax	70.43	-

Your Directors are pleased to report that despite adverse conditions like drought and low sugar price, your Company could post a net profit of Rs.279 lakhs for the financial year 2013-14.

Operations and Performance

Due to severe drought in Tamil Nadu which has resulted in low recovery of sugar and reduced cane availability, the gross total income for the financial year 2013-14 was only Rs.33,274 lakhs as against Rs.44,091 Lakhs for the financial year 2012-13. In addition to the above, reduced sugar prices along with lower power income and high cost of molasses procurement resulted in a lower net profit of Rs.279 lakhs for the year compared to Rs.861 lakhs for the previous year.

Kothari Sugars and Chemicals Limited Bags National Energy Conservation Award - 2013

Kothari Sugars and Chemicals Limited, Unit-2 at Sathamangalam in Ariyalur District was honoured with the prestigious National Energy Conservation Award for the year 2013 by Ministry of Power, Government of India. Your Company has won the First prize in the Sugar sector for the innovation in energy conservation and utilization of energy. This is the second award for Energy Conservation in the last 5 years. The Award was received by Mr.M.Silvester Goldwin, President - Operations on behalf of the Company from the Honorable President of India Shri Pranab Mukherjee and Honorable Minister of State for Power Shri Jyotiraditya M.Scindia at the grand event in New Delhi on December 16, 2013.

Division-wise performance of the company is given below:

a. Sugar

High cost of Sugar Cane and related inputs together with low sugar price and lower recovery of sugar resulted in lower performance. The drastic reduction in cane availability in the financial year has translated into significant underutilization of the installed capacity of sugar, distillery and cogen units and consequent reduction in profitability.

Kattur Unit: The plant at Kattur had crushed 3,41,824 Metric Ton (MTs) of sugarcane with an average recovery of 8.31% during 2013-14 as against 6,04,644 MTs during 2012-13 with an average recovery rate of 9.01%.

Sathamangalam Unit: The Plant at Sathamangalam unit had crushed 5,36,017 MTs of sugarcane with an average recovery of 8.30% in 2013-14 as against 7,03,911 MTs in 2012-13 with an average recovery rate of 8.83%.

Your company has promoted a number of scientific agricultural practices like chip bud seedling plantation, drip irrigation, wider space plantation, mechanical harvesting etc., which have helped in improving the overall performance of the company.

Your directors would like to place on record their gratitude to the Central Govt. for releasing Interest free loan with two year moratorium and three year repayment period under "Scheme for Extending Financial Assistance to Sugar Units (SEFASU) 2014" to clear the cane arrears of the sugar undertakings and this loan has helped your company to pay the cane payment arrears.

b. Co-generation

Power exported during the financial year 2013-14 at Kattur unit was 5.528 Mu (Million Units) as against 12.779 Mu during 2012-13 and in Sathamangalam unit, power exported during 2013-14 was 35.065 Mu as against 53.653 Mu during 2012-13. The company sold surplus bagasse to Tamil Nadu Newsprint Limited (TNPL) which has helped to reduce the losses in sugar and cogen operations to some extent.

c. Distillery

Alcohol production during the financial year 2013-14 was 15,278 KLs (Kilo Litres) as against 19,486 KLs in 2012-13. The demand for alcohol by the IMFL (Indian Made Foreign Liquor) units in the State remained high. Despite high procurement rate of molasses, the systematic planning of our team helped us to procure good quality molasses to increase the yield. Similarly, improved marketing strategy for sale of ENA has also helped us in getting better average realisation.

BIFR's Status:

Your directors are happy to inform that AAIFR has issued its order in favour of the company to provide reliefs and concessions by waiver of interest, penal interest and penalty on the Sales Tax dues up to the cut off date i.e. 17.06.2004 as per the sanctioned scheme and advised the company to pay Rs.4.22 crores only to Sales Tax Department in two installments. As per the order, the company has already paid Rs.2.11 crores as the first installment by the year end and the final installment of an equal amount will be paid as per the schedule i.e. by June 2014 to Sales Tax Department of Tamilnadu.

Dividend

The Directors recommend a dividend at rate (@ 5%) of Re.0.50 paise (Fifty paise only) per equity Shares of Rs.10/- each for the financial year ended March 31, 2014. If approved by the Members at the ensuing Annual General Meeting to be held on 03rd September, 2014, it will be paid before 02nd October, 2014 to those Members whose names appear in the Company's Register of Members and to those persons whose names appear as Beneficial Owners (as per the details to be furnished by the Depositories in respect of the shares held in dematerialized form) as at the close of business hours on 27.08.2014.

Directors

Late Dr.P.S.Mani Sundaram was associated with Kothari Sugars and Chemicals Limited from 19.11.1996. The Board of Directors records its deep regret on the demise of Dr.P.S.Mani Sundaram and places on record it's appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

Mr.B.H.Kothari, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr.P.S.Balasubramaniam was appointed as a Director in a casual vacancy on November 08, 2013 arising on account of the sudden demise of Dr.P.S.Mani Sundaram, Director on October 26, 2013.

The Board of Directors at its meeting held on May 27, 2014 appointed Mrs.Nina Bhadrashyam Kothari as an Additional Director of the Company to hold office up to the date of the forthcoming Annual General Meeting of the Company and she is eligible for appointment as director by the members.

In accordance with Section 149 and other applicable provisions of the Companies Act, 2013, your Directors Mr.P.S.Gopalakrishnan, Mr.V.R.Deenadayalu and Mr.P.S.Balasubramaniam are seeking appointment as Independent Director for a term of five consecutive years upto 31 March, 2019. Details of the proposal for the appointment of Mr.P.S.Gopalakrishnan, Mr.V.R.Deenadayalu and Mr.P.S.Balasubramaniam are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 53rd Annual General Meeting.

Waiving of Remuneration by Mr.B.H.Kothari, Chairman and Managing Director

Mr.B.H.Kothari, as Chairman & Managing Director was reappointed w.e.f 01.10.2013 to 30.09.2018 by the shareholders on September 06, 2013 with remuneration. The negative performance of the Sugar Industry due to the severe drought, low recovery, reduced cane acreage and depressed sugar prices resulted in low profit for the year 2013-14 and the prospects for the next year is also not encouraging. In this regard, Mr.B.H.Kothari announced in the Board Meeting held on 04.02.2014 that he would waive his remuneration in Kothari Sugars and Chemicals Limited w.e.f. 01 April 2014 and the Board thanked Mr.B.H.Kothari for his gesture.

Directors' Responsibility Statement

The Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements 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 profit of the company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the Annual Accounts on a going concern basis.

Corporate Governance

We believe that Corporate Governance is the crux of Shareholder value creation. Our governance practices along with the Auditor's Certificate on its compliance are attached hereto as an Annexure to this report.

Cautionary Statement

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

Public Deposits

The Company has not accepted any public deposit during the year and there was no outstanding public deposit any time during the year.

Re-appointment of Auditors

M/s.R.Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors, are eligible for re-appointment.

Cost Audit

Pursuant to section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated 11th April 2011 and subject to the approval of Central Government, the Audit Committee has recommended and the Board of Directors appointed Mr.K.Suryanarayanan, Practising Cost Accountant, as Cost Auditor for the year 2014 - 2015.

Filing of Cost Audit Report	2013 - 2014	2012 - 2013
Due Date	27.09.2014	27.09.2013
Actual Date	(Target) 25.09.2014	23.09.2013
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	—	Nil

Disclosure under Section 217(2A) and 217(1)(e) of the Companies Act, 1956

During the year no employee has drawn salary in excess of the amount prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished in 'Annexure I'

Subsidiary Companies

Pursuant to Ministry of Corporate Affairs (MCA) General Circular No.2/2011 dated 8th February, 2011 the accounts of the subsidiary company need not be attached along with the accounts of the holding company as required by Section 212 of the Companies Act, 1956 upon fulfilling certain conditions stipulated in the said circular. Therefore, Annual Accounts of the Subsidiary Company M/s.Kothari International Trading Limited for the year ended 31st March 2014 is not attached herewith.

The Annual Accounts of Kothari International Trading Limited, subsidiary of your company is kept at the registered office for inspection of members during working hours and the same is also available on the website of Kothari Sugars & Chemicals Limited.

Acknowledgement

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

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

Place: Chennai
Date: May 27, 2014

B.H. Kothari
Chairman and Managing Director

FORM A
PARTICULARS AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956
A. POWER AND FUEL CONSUMPTION

Annexure - I

Sl. No.	Particulars	Kattur				Sathamangalam	
		Sugar & Co-gen		Distillery		Sugar & co-gen	
		2013-14	2012-13	2013- 14	2012- 13	2013-14	2012-13
1.	Electricity						
	a. Purchased Unit	33,01,600	28,16,100	5,81,244	4,72,927	6,33,839	6,85,017
	Total Amount Paid (Rs.)	2,87,54,599	2,52,90,290	46,70,685	37,38,562	71,45,526	64,66,494
	Rate per unit (Rs.)	Rs.8.71/unit	Rs.8.98/unit	Rs.8.04/unit	Rs.7.91/unit	Rs.11.27/unit	Rs.9.44/unit
	b. Own Generation through Diesel						
	Generator Unit in KWH	8,864	39,248	NIL	NIL	1,739	3,392
	Unit per Litre of Diesel	2.34	2.20	NIL	NIL	2.90	2.89
	Cost per Unit (Rs.)	22.06	20.46	NIL	NIL	17.98	16.28
	c. Power generated through Steam turbine Unit in KWH	2,07,67,500	3,76,69,800	NIL	NIL	5,63,50,000	8,14,91,000
	Unit per ton of fuel	221	237	NA	NA	413	392
	Cost per unit (Rs.)	6.14	4.80	NA	NA	4.78	3.48
2.	Coal (specify quantity and where used)						
	Quantity (tonnes)	NA	NA	NA	NA	17840	316
	Total cost (Rs.)	NA	NA	NA	NA	10,84,15,562	18,09,315
	Average Rate (Rs.)	NA	NA	NA	NA	6,077	5,726
3.	Fuel Oil						
	Quantity (tonnes/kilo liters)	NA	NA	2.85	22.38	NA	NA
	Total Cost (Rs.)	NA	NA	1,35,642	10,64,337	NA	NA
	Average Rate/ litre (Rs.)	NA	NA	47.56	47.56	NA	NA
4.	Natural Gas						
	Quantity M ³	NA	NA	NA	NA	NA	NA
	Total Cost (in Rs.)	NA	NA	NA	NA	NA	NA
	Average Rate per M ³ (Rs.)	NA	NA	NA	NA	NA	NA
5.	CONSUMPTION PER UNIT OF PRODUCTION						
	Total in-house consumption (unit)	1,20,90,004	1,94,61,458	41,77,427	46,80,638	1,36,55,138	1,77,05,547
	Products (Sugars & Alcohol)	2,94,990 Qtl.	5,45,070 Qtl.	1,52,77,605 Litres	1,94,85,920 Litres	4,43,780 Qtl.	6,21,800 Qtl.
	Electricity (Unit)	40.98 Units/Quintal	35.70 Units/Quintal	0.2734 Units/Litres	0.2402 Units/Litres	30.77 Units/Quintal	28.47 Units/Quintal

Notes: N.A. - Not Applicable

B. TECHNOLOGY ABSORPTION

FORM B

(Form for disclosure of Particulars with respect to Technology Absorption)

Research and Development (R & D):

- High Sugar variety cane development activities are being implemented to increase the sugar recovery.
- Sodic soil reclamation and soil correction to suit cane cultivation.
- Developing model plots to demonstrate to farmers with all good agricultural practices.

Cane Highlights

Technologies like subsurface drip irrigation, wider row planting in 6 ft spacing and transplanting of chip bud seedlings under sustainable sugarcane initiative have been continually implemented to improve the average cane yield per unit area. Satellite mapping of entire command area is taken up to have scientific assessment of land type, soil type, spatial distribution crops and underground water potential.

New initiatives:

Lift irrigation scheme under Co-operative model is being implemented in both Kattur and Sathamangalam units in order to improve the cane plantation.

Technology absorption, adoption and innovation: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹. in Lakhs

S.No.	Particulars	2013-14	2012-13
(i)	Total Foreign Exchange earned	Nil	1331.24
(ii)	Total Foreign Exchange outflow	2.02	25.44

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Industry Performance

The sugar production has reported a decline of 3.6% in sugar year 2013-14 to 24.2 million MT from 25.1 million MT in SY 2012-13. This decline was driven by a weak and delayed monsoon in several key growing areas, making alternative crops, more attractive.

The domestic free sugar price had shown a downward trend between May 2013 and December 2013. This decline was driven by a multiplicity of factors. Post supply pressure from new production until March 2014 and further competition from sugar produced by processing raw sugar (whose

prices remained weak globally) also continued to prevent any rally in sugar prices. During the festive season Oct to Nov 13 too when prices tend to spike traditionally because of demand surge, sufficient stocks (due to mills liquidating old stocks to clear cane arrears) against the demand continued to hold the prices on a lower side.

Indian Industry Outlook 2014 - 15

It is expected that in sugar year 2014-15 the domestic sugar production in India may further decline due to drought and diversion to alternative crops. The lower rain fall in Tamil Nadu is likely to impact sugar production and output is expected to decline by 15%, apart from the domestic sugar prices being on the lower side. While production is expected to decline in SY 2014-15, high opening stock of 8.5 million MT coupled with limited scope for exports with continued low global prices are likely to result in continuation of sugar surplus in the country in SY 2014-15

Above all, the entire South India is affected due to failure of monsoon which resulted in severe drought in most parts of Tamilnadu. Our units which are situated in Tamilnadu will also be facing severe drought conditions which may affect cane availability besides adversely affecting sugar cane yield and recovery.

World Sugar Industry scenario

World sugar market fundamentals were decidedly bearish at the start of the SY 2013-14. World sugar prices continued to follow a down trend in the last 12 months and with lower price volatility, the markets may have to adjust to a third consecutive year of global sugar surplus. Higher global production can be largely attributed to a recovery in output of the world's largest producer, Brazil and high production in European Union, Mexico etc. As a result of all these, world raw sugar prices have fallen by 26% in the last 12 months and white sugar prices by 20%

It is estimated that global sugar consumption has grown by 2.5% in 2013 which is the strongest growth seen in the past 4 years. With consumption rising and production slowly falling, the pace at which the world is building stocks is on the decline.

Strength:

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

Weakness:

Command area available for the sugarcane cultivation for both the units is not optimal.

Opportunities

Demand for Sugar, Power and Alcohol show an increasing trend.

Threats

Factors causing concern to the industry are inadequate availability of raw material, the international crude oil prices, (which will determine the Raw Sugar, Ethanol mix in Brazil, the world's largest producer) the Government of India's various policies on exports of sugar and import duties and finally the agro-climatic conditions, which is key for agro based industry.

Outlook

For the profitability of forthcoming financial years, agro climatic conditions will still play a key role which is totally unpredictable. As on date, the Government of India's policies regarding exports and import duties are helpful to some extent but there is still a long way to go. As in the past, Distillery and Co-generation divisions will play a vital supportive role for improving the profitability of the coming years too. With all the pros and cons, we are expecting the financial year 2014-15 to be more or less the same as financial Year 2013-14.

Risks and concerns**Raw Material Risk**

Sugarcane costs have already increased over 2013-14 season, and may increase further particularly for mills based in Tamilnadu. Heavy drought all over the Central and South States of the country in general and Tamilnadu in particular, would result in lower capacity use, and lower fixed cost absorption in 2014-15 sugar season.

Risk Mitigation:-

We are encouraging farmers to go for drip irrigation by arranging loans from Banks, referring good drip irrigation equipment suppliers, and recommending right Sugar Cane varieties to improve the yield. Lift irrigation schemes are also being implemented.

Competitive risk

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

Risk Mitigation:-

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

Internal Control Systems and their adequacy

The Company has established a system of internal control across all of its business operations and safeguarding the Assets. The Board, Audit Committee and the Management ensure that the internal control system operates effectively within the organisation. Internal Audit supported by external

experts as and when required, review the adequacy of internal control systems and suggests necessary checks and balances to increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subject to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

Human Resources / Industrial Relations

The Industrial relation remained cordial at all level and the employees have demonstrated dedication and high degree of commitment in achieving the company goals.

Human Resources strived to create an environment that allows all employees to contribute to their full potential and remain committed to working proactively in identifying and responding to its changing needs.

Human Resource Organization Development and Training (OD & Training) section were committed to excellence through the development, delivery, and administration of learning opportunities for staff. During 2013-14, the following training was imparted to the employees 1. Safety awareness, 2. Monitor Operation, 3. Fire Fighting, 4. Emergency Response Plan, 5. Communication Skills and 6. Leadership Skills

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

The company was focused on career development of employees and Manpower requirement was filled by giving priority to internal source – through promotions / horizontal transfers. This year our recruitment and retention strategies continued to focus on diversity. To enhance culture we have been providing feedback and programs to develop an environment that fully engages and cultivates all of the employees. Key performance indicators introduced last year was implemented and made effective use of.

During the year, the industrial relations have been conducive and mutually productive. Total number of employees as on 31st March 2014 was 585.

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

Place: Chennai
Date: May 27, 2014

B.H. Kothari
Chairman and Managing
Director

CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)

1) Company's 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.

In terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details of compliances, for the year ended March 31, 2014, are as follows:

2) Board of Directors

The strength of the Board as on 31.03.2014 is four, headed by the Chairman & Managing Director, Mr. B.H.Kothari. Except Mr.B.H.Kothari all others are Non-Executive Independent Directors.

Non-executive Directors (NED) are professionals and have vast experience in the field of industry, finance and law representing optimal mix of professionalism, knowledge and expertise. They bring wide range of expertise and experience to the Board.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the public companies in which he is a Director. Necessary disclosure regarding Committee positions in other companies as on 31 March 2014 have been made by the Directors.

The details of composition of the Board, the attendance at Board meetings during the financial year and at the last Annual General Meeting, number of directorships and committee positions held during 2013-14 are furnished in the following table.

Company's Board of Directors details as on March 31, 2014

Name of the Director	Category	No. of Board Meetings attended	Attendance at previous AGM held on September 06, 2013	No. of Directorship in other public Companies	No. of Committee positions (as Chairman / Member) held in other public Companies	
					Chairman	Member
Mr.B.H.Kothari	CMD	05	Present	03	01	01
Mr.P.S.Gopalakrishnan	INED	05	Present	03	Nil	01
Mr.V.R.Deenadayalu	INED	04	Present	Nil	Nil	Nil
Dr.P.S.Mani Sundaram*	INED	03	Present	Nil	Nil	Nil
Mr.P.S.Balasubramaniam**	INED	02	N.A.	05	Nil	03

INED - Independent Non Executive Directors & NED - Non- Executive Directors - N.A. – Not applicable

* Dr.P.S.Mani Sundaram expired on 26th October 2013

** Mr.P.S.Balasubramaniam was appointed as an Independent Director on 08th November 2013

Board Meetings held during the financial year 2013-2014

Board Meetings				
May 30, 2013	Jul 26, 2013	Sep 06, 2013	Nov 08, 2013	Feb 04, 2014

3) Committees of the Board

The Board has setup the following Committees as required under Corporate Governance:

a. Audit Committee

During the year under review, the Committee met 4 times and the attendance details of Committee Members is as follows:

Sl. No.	Name of the Member	Category	Meeting participated
01.	Mr.P.S.Gopalakrishnan	Chairman	04
02.	Mr.V.R.Deenadayalu	Member	03
03.	Dr.P.S.Mani Sundaram *	Member	02
04.	Mr.P.S.Balasubramaniam **	Member	02

* Dr.P.S.Mani Sundaram expired on 26th October 2013

** Mr.P.S.Balasubramaniam was appointed as an Independent Director on 08th November 2013

b. Audit Committee Meetings held during the financial year 2013-2014

Audit Committee Meetings			
May 30, 2013	Jul 26, 2013	Nov 08, 2013	Feb 04, 2014

c. Board Reference to the Audit Committee

The Statutory Auditors, the Internal Auditors and the Cost Auditor of the Company participate in the Audit Committee Meetings. Head Finance and other operational heads of the Company also participate in the meetings of the Committee. The Company Secretary acts as the Secretary of the Audit committee. The powers and role of the Audit Committee are as specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Board's terms of reference to the committee include following:

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor/Cost Auditor and the fixation of audit fees.
- To review the weakness in internal controls, if any, with the management and internal auditors and report to the Board the recommendations relating thereto;
- To select and establish accounting policies;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Reviewing the company's financial and risk management policies,
- To approve the quarterly Un-audited financial results for publication in accordance with stock exchange requirements;
- To review Management Discussion and analysis of financial condition and results of operations;
- To review statement of significant related party transaction, submitted by the management;

d. Share Transfer Cum Shareholders Grievances Committee

The Share Transfer cum Shareholders Grievances Committee comprises of Messrs P.S.Gopalakrishnan, B.H.Kothari and P.S.Balasubramaniam (inducted on 08.11.2013 in lieu of Dr.P.S.Manisundaram) to look into redressing of Shareholders' and Investors complaints such as transfer of shares, non-receipt of annual reports etc. R.Prakash, Company Secretary, is the Compliance Officer.

During the period under review, the committee met 15 times and the attendance details of Committee Members is as follows:

Name of the Directors	Category	Meetings Attended
Mr.P.S.Gopalakrishnan	Chairman	15
Mr.B.H.Kothari	Member	11
Dr.P.S.Mani Sundaram*	Member	08
Mr.P.S.Balasubramaniam**	Member	05

*Dr.P.S.Mani Sundaram expired on 26th October 2013

**Mr.P.S.Balasubramaniam inducted as Member on 08th November 2013

e. Details of the Complaints received from the Shareholder(s) / Department(s) during the financial year 2013-2014

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redressal under process at the year end
1	Non receipt of Dividend	02	02	Nil
2	Non receipt of new share certificate	15	15	Nil
3	Non receipt of annual reports	Nil	Nil	Nil
4	Non receipt of final redemption warrants	Nil	Nil	Nil
5	Non receipt of fractional warrants	02	02	Nil
6	Transfer of shares	Nil	Nil	Nil
7	De-materialization matters	Nil	Nil	Nil
8	Others	Nil	Nil	Nil
	TOTAL	19	19	--
1	Securities Exchange Board of India (SEBI)	02	02	Nil
2	Ministry of Corporate Affairs (MCA)	Nil	Nil	Nil
3	National Stock Exchange (NSE)	01	01	Nil
4	Registrar of Companies (ROC)	Nil	Nil	Nil
5	Consumer Forum	Nil	Nil	Nil
	TOTAL	03	03	Nil

f. Remuneration Committee

The Committee was constituted to recommend the appointment / reappointment and tenure of office, whether of Executive or Non-Executive Directors and to approve the remuneration payable to the Managing Director for every financial year.

The Committee currently consists of three Independent Directors - Mr.P.S.Gopalakrishnan (Chairman), Mr.V.R.Deenadayalu and Mr.P.S.Balasubramaniam (inducted on 08.11.2013 in lieu of Dr.P.S.Manisundaram).

The Committee met once during the year on 26th July 2013. The details of the members attendance at the meeting is as follows:

Name of Directors	Attendance at the meeting
Mr.P.S.Gopalakrishnan	Present
Mr.V.R.Deenadayalu	Present
Dr.P.S.Mani Sundaram*	Present

* Dr.P.S.Mani Sundaram expired on 26th October 2013

The details of remuneration paid to Chairman and Managing Director from 1st April 2013 to 31st March 2014 is as follows:

(Amount in Rupees)

Name	Fixed Component			Variable Component
	Salary & Allowances	Retirement Benefits	Other Benefits	Commission
Mr. B H Kothari	48,00,000	5,76,000	--	--

The Company has not paid any remuneration to its Non-Executive Directors during the financial year 2013-14 other than the sitting fees for the Board/Committee meetings. The Company does not have any Stock Option Scheme.

4) Subsidiary Company

- The Board reviewed the financial statements of the unlisted subsidiary.
- The minutes of the Board Meetings of the subsidiary company are noted at the Board Meetings of the Company. Further a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Company's Board, as and when applicable.

5) Directors' Sitting fees

Sitting fees for the Board/Committee meetings and the details are furnished hereunder:

(Amount in Rupees.)

Name of the Directors	Sitting Fees Paid			
	Board Meeting	Audit Committee	Remuneration Committee	Total
Mr.B.H.Kothari	Nil	Nil	Nil	Nil
Mr.P.S.Gopalakrishnan	42,500	28,000	7000	77,500
Mr.V.R.Deenadayalu	34,000	21,000	7000	62,000
Dr.P.S.Mani Sundaram*	25,500	14,000	7000	46,500
Mr.P.S.Balasubramaniam**	17,000	14,000	Nil	31,000
Total	1,19,000	77,000	21,000	2,17,000

* Dr.P.S.Mani Sundaram had expired on 26th October 2013

** Mr.P.S.Balasubramaniam was appointed as an Independent Director on 08th November 2013

6) Annual General Meeting

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Day	Time
2012-2013	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014	September 06,2013	Friday	10.15 A.M
2011-2012	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014	September 25, 2012	Tuesday	10.30 A.M.
2010-2011	Rani Seethai Hall No.603, Anna Salai, Chennai - 600 006	September 08, 2011	Thursday	10.30 A.M.

7) Details of Special Resolutions passed during the last three Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
September 06,2013	Yes	Re-appointment of Mr.B.H.Kothari, as Chairman & Managing Director w.e.f 01.10.2013 to 30.09.2018
September 25, 2012	No	—
September 08, 2011	No	—

8) Postal Ballot

During the financial year 2013-2014 no Special Resolution was passed through Postal Ballot.

9) Disclosures

During the financial year 2013-2014, the Audit Committee and the Board considered the statement of related party transactions on quarterly basis alongwith relevant details. There are no materially significant transactions with related parties conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard AS-18 has in been made the Annual Report.

There has not been any instance of non-compliance, penalties or strictures imposed by the Stock Exchanges, and/ or SEBI on any matter relating to the capital markets, in the preceding three years.

The Company has adopted a Code of Conduct for its Directors and Senior Management, which has been posted on the Company's website. The Chairman has given a declaration that all Directors and Senior Management of the Company have affirmed the compliance with the Code of Conduct.

As required under Clause 49 of the Listing Agreement a Certificate signed by the Chairman & Managing Director and Chief Financial Officer is attached.

10) Management Discussion and Analysis Report

A Management Discussion and Analysis Report, which forms a part of the Directors Report is annexed hereto.

11) Means of Communication

All Quarterly and Annual financial results are published in The Financial Express and Malai Sudar. The Financials and other important events are also posted in the Company's website at www.hckotharigroup.com/kscl. The Half-Yearly financial results are not sent individually to the shareholders.

Pursuant to the Green Initiative taken by the Ministry of Corporate Affairs allowing service of documents through electronic mode, the Company sends documents in electronic form to those shareholders who have registered their email-id for the purpose.

12) General Shareholder Information

Annual general meeting

Date and Time	September 03, 2014, Wednesday at 10.30. A.M.
Venue	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014

13) Financial Calendar of the company

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

Financial Reporting for 2014-2015 (Tentative)

Results for Quarter ending 30th June, 2014	First week of August, 2014
Results for Quarter ending 30th September, 2014	First fortnight of November, 2014
Results for Quarter ending 31st December, 2014	First fortnight of February, 2015
Results for Quarter ending 31st March, 2015	Last Week of May, 2015

14) Date of Book Closure

The period of book closure is fixed from Thursday, 28th August, 2014 to Wednesday, 03rd September 2014 (both days inclusive)

15) Dividend Payment

For the year ended March 31, 2014, the Directors have recommended a dividend at the rate (5%) of Re.0.50 paise (Fifty paise only) per equity share of Rs.10/- each, subject to the approval of the Members at the ensuing Annual General Meeting and the dividend, if approved shall be paid before 02nd October, 2014.

16) Listing Particulars

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 2014 - 15 has been paid. (Stock Code: KOTARISUG).

17) Market Price Data: High, Low in each month of the Financial Year 2013-2014 on The National Stock Exchange of India Limited.

(Rupees)

Month	High	Low	Month	High	Low
Apr 2013	12.25	8.35	Oct 2013	9.00	6.00
May 2013	10.20	7.25	Nov 2013	8.45	6.05
Jun 2013	9.10	7.10	Dec 2013	8.00	6.75
Jul 2013	8.40	6.55	Jan 2014	7.55	6.35
Aug 2013	8.10	6.10	Feb 2014	7.20	6.25
Sep 2013	8.00	6.05	Mar 2014	7.30	6.25

18) Registrar and Share Transfer Agents

The Registrars and Share Transfer Agents of the Company is M/s.Cameo Corporate Services Ltd, "Subramanian Building", No.1, Club House Road, Chennai - 600 002.

19) Distribution of Shareholding

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5000	22,201	26,25,190
5001-10000	2,465	21,78,568
10001-20000	1,225	19,93,901
20001-30000	451	11,85,776
30001-40000	206	7,55,489
40001-50000	220	10,62,913
50001-100000	274	20,68,540
100001 and above	221	7,10,18,203
Total	27,263	8,28,88,580

20) Shareholding Pattern

Sl. No.	Category	No. of Holders	No. of shares	% of Shares
(i)	Promoters	6	5,84,47,519	70.51
(ii)	Resident Indians	26,682	1,75,24,698	21.14
(iii)	Domestic Companies	461	41,69,487	5.03
(iv)	Financial Institutions	7	22,67,906	2.74
(v)	Non-Resident Indians	97	4,77,666	0.58
(vi)	Directors & Relatives	3	979	0.00
(vii)	Mutual Funds	7	325	0.00
	Total	27,263	8,28,88,580	100.00

21) Share Transfer System

Share transfers, where transfer documents are found in order, are registered and returned in the normal course within a period of 15 days from the date of receipt of the documents. Any requests for dematerialization/rematerialisation of shares are processed and confirmation given to Depositories i.e. National Securities Depositories Limited (NSDL) or Central Depositories Services (India) Limited (CDSL), as the case may be, within 15 days from the date of receipt.

22) Dematerialization of Shares

As on March 31, 2014, 8,27,95,160 shares representing 99.89% of the Company's total shares were held in dematerialized form and the balance shares were held in physical form.

ISIN No.INE419A01022

23) Plant Locations & Addresses

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

24) Contacts

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

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

Place : Chennai
Date : May 27, 2014

B.H.Kothari
Chairman and Managing Director

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended March 31, 2014.

for **Kothari Sugars and Chemicals Limited**

Place : Chennai
Date : May 27, 2014

B.H.Kothari
Chairman and Managing Director

CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF LISTING AGREEMENT

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

- a. We have reviewed financial statements and the Cash Flow Statement for the year 31st March 2014 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 in internal control over financial reporting during the year
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai
Date : May 27, 2014

B.H.Kothari
Chairman and Managing Director

R.Krishnan
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Member 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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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

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

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

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

Place : Chennai
Date : May 27, 2014

M. Rajasekar
Partner
M.No.228637

INDEPENDENT AUDITORS' REPORT**To the Members of Kothari Sugars and Chemicals Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Kothari Sugars and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Chennai
Date : May 27, 2014

M. Rajasekar
Partner
M.No.228637

KOTHARI SUGARS AND CHEMICALS LIMITED
ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. Some of the fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. Fixed assets disposed off during the year do not affect the concept of going concern.
4. Inventories were physically verified during the year by the management at reasonable intervals.

In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management was reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

5. The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the companies Act 1956.
6. In our opinion and according to the information and explanations given to us, the company has taken loans from the companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was NIL and the year-end balance of loans taken from such parties was Rs.850.53 lacs.

In our opinion, interest has been specified for such a loan and other terms and conditions on which loan were taken are not prima facie prejudicial to the interest of the company.

The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.

7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and there was no continuing failure to correct any major weakness.
8. In our opinion and according to the explanations given to us, transactions made in pursuance of contracts or arrangements requiring entry in the registers maintained under section 301 of the Companies Act, 1956 have been entered.

The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

9. The company has no fixed deposits requiring compliance of provisions of Section 58 and 58 AA or any other relevant provisions of the act and the rules framed there under.
10. The Internal Audit function has been carried out by a firm of Chartered Accountants and is commensurate with the size of the company and the nature of its business.
11. We have broadly reviewed the books and records maintained by the company relating to the materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained for the period under audit. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
12. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year. The company has no dues towards Investor Education and Protection Fund and Wealth Tax.

According to the information and explanations given to us, Purchase Tax and Sales tax amounting to Rs.210.84 lacs has been in arrears for a period exceeding six months from the date they became payable .

According to the information and explanations given to us, the following are the dues in respect of Customs Duty, and Excise duty, which have not been deposited on account of any dispute and there are no such dues in respect of Wealth Tax, Service Tax, Income tax and Value Added Tax.

SI No	Nature of dues	Forum Where Disputed	Amount Unpaid Rs. in lacs
(i)	Central Excise	Joint Asst. Comm. Central Excise	492.34
(ii)	Central Excise	CESTAT	38.12
(iii)	Central Excise	High Court	4.05
(iv)	Central Excise	Supreme Court	128.19
(v)	Customs	Commissioner Appeals	73.39

13. The Company has no accumulated losses at the end of the year. The Company has not incurred any cash loss during the financial year and the immediately preceding financial year.
14. The Company has not defaulted in the payment of dues to financial institutions, banks and debenture holders during the year.
15. The Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
16. In our opinion and according to the information and explanations given to us the Company is not a Chit Fund, Nidhi or Mutual Benefit fund or Society.
17. In our opinion and according to the information and explanations given to us the Company is dealing in, trading in shares, debentures and other investments and proper records have been maintained of the transactions and contracts and timely entries have been made there in. These shares, debentures and other securities have been held by the company in its own name.
18. In our opinion and according to the information and explanations given to us the Company has not given any guarantee for any loans taken by others from banks and financial institutions during the financial year.
19. To the best of our knowledge and belief and according to the information and explanations given to us, new term loan availed by the Company during the year have been applied for the purposes for which loans were obtained.
20. According to the cash flow statement and other records examined by us and the information and explanations given to us, no funds raised on short term basis have been used for long term investments.
21. The Company has not allotted shares during the financial year to companies covered in the register maintained under section 301 of the Companies Act, 1956.
22. According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year.
23. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year.
24. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year.

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

Place : Chennai
 Date : May 27, 2014

M. Rajasekar
 Partner
 M.No.228637

BALANCE SHEET AS AT 31ST MARCH 2014

₹ in lakhs

	Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
I	EQUITY AND LIABILITIES					
1)	Shareholders' funds					
	a) Share Capital	2	9,013.86		9,113.86	
	b) Reserves and surplus	3	3,834.63		4,040.78	
				12,848.49		13,154.64
2)	Non-Current liabilities					
	a) Long-term borrowings	4	11,451.44		10,616.98	
	b) Deferred tax liabilities (Net)	5	2,192.58		2,071.31	
	c) Other Long term liabilities	6	1,292.03		1,761.12	
				14,936.05		14,449.41
3)	Current liabilities					
	a) Short-term borrowings	7	400.83		5,856.29	
	b) Trade payables	8	4,863.96		2,077.18	
	c) Other current liabilities	9	4,427.04		2,771.53	
	d) Short-term provisions	10	57.40		57.02	
				9,749.23		10,762.02
	TOTAL			37,533.77		38,366.07
II	ASSETS					
1)	Non-current assets					
	a) Fixed assets					
	i) Tangible assets	11	21,888.43		22,658.33	
	ii) Intangible assets		6.42		11.34	
	iii) Capital work-in-progress		549.73		66.17	
	b) Non-current investments	12	29.04		29.04	
	d) Long-term loans and advances	13	867.43		611.14	
	e) Other non-current assets	14	9.52		458.96	
				23,350.57		23,834.98
2)	Current assets					
	a) Current investments	15	1,554.46		809.14	
	b) Inventories	16	10,239.82		9,773.56	
	c) Trade receivables	17	1,324.76		1,672.59	
	d) Cash and Bank balances	18	290.00		1,268.53	
	e) Short-term loans and advances	19	475.07		727.49	
	f) Other current assets	20	299.09		279.78	
				14,183.20		14,531.09
	TOTAL			37,533.77		38,366.07
	Significant Accounting Policies & notes to accounts	1-38				

For and on behalf of the Board

As per our Report of even date

for **R.Subramanian and Company**

Chartered Accountants

Firm No. 004137S

B.H. Kothari
Chairman and Managing Director

P.S.Gopalakrishnan
Director

M.Rajasekar
Partner
M.No.228637

Place : Chennai
Date : May 27, 2014

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014

₹ in lakhs

	Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I	Revenue from Operations (Gross)	21	33,142.18	44,399.88
	Less: Excise Duty		798.00	1,098.19
	Revenue from operations (net)		32,344.18	43,301.69
II	Other Income	22	929.98	789.13
III	Total Revenue (I+II)		33,274.16	44,090.82
IV	Expenses:			
	(a) Cost of materials consumed	23	25,150.13	33,298.54
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	(538.30)	(498.05)
	(c) Employee benefits expense	25	1,701.07	1,743.07
	(d) Finance costs	26	996.02	585.66
	(e) Depreciation and amortization expenses	27	1,609.62	1,689.21
	(f) Other expenses	28	3,896.43	5,357.07
	Total Expenses		32,814.97	42,175.50
V	Profit before exceptional and extraordinary items and tax (III-IV)		459.19	1,915.32
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		459.19	1,915.32
VIII	Less : Tax expense			
	(a) Current tax expense for current year		59.21	366.58
	(b) Deferred tax		121.26	687.42
			180.47	1,054.00
IX	Profit for the year (VII-VIII)		278.72	861.32
X	Earnings per equity share:			
	1) Basic		0.34	1.04
	2) Diluted		0.34	1.04
	Significant Accounting Policies & notes to accounts	1-38		

For and on behalf of the Board

As per our Report of even date

 for **R.Subramanian and Company**
 Chartered Accountants
 Firm No. 004137S

B.H. Kothari
 Chairman and Managing Director

P.S.Gopalakrishnan
 Director

M.Rajasekar
 Partner
 M.No.228637

 Place : Chennai
 Date : May 27, 2014

R.Prakash
 Company Secretary

M.Krishnan
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

₹ in lakhs

	Particulars	As at 31.03.2014		As at 31.03.2013	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit / (Loss) before tax		459.19		1,915.32
	Adjustments for :				
	Depreciation	1,609.62		1,689.21	
	Interest Income	(80.18)		(72.02)	
	Dividend Income from Associate	(90.14)		(60.10)	
	Bad Debts	14.64		103.30	
	Liability no longer required written back	(187.29)		(180.26)	
	Provision for Compensated absences	25.44		27.37	
	Finance Cost - Interest	941.33		528.74	
	Provision for Diminution / (accretion)in value of Investments	(34.45)		13.87	
	Loss on Sale of assets (Vehicles)	1.65		-	
	Loss / (Gain) on sale of Investments	(14.59)		(69.43)	
	Income from Mutual Fund Investment	(61.14)		(53.15)	
			2,124.89		1,927.53
	Operating Profit before Working Capital changes		2,584.08		3,842.85
	(Increase) / Decrease in Trade Receivables	333.19		238.18	
	(Increase) / Decrease in Other Receivables	480.29		119.82	
	(Increase) / Decrease in Inventories	(466.26)		(699.16)	
	Increase / (Decrease) in Trade Payables and Other Payables	3,591.33		(3,499.08)	
			3,938.56		(3,840.24)
	Cash Generation from Operations		6,522.64		2.59
	Less: Income Tax Paid		50.70		350.00
	Net Cash Generation from Operating Activities - (A)		6,471.94		(347.41)
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital Expenditure		(1,322.55)		(3,661.49)
	Proceeds from sale of Investments (net)		(710.87)		(195.95)
	Interest Received		80.18		72.02
	Dividend Income from Associate		90.14		60.09
	Consideration for Sale of Fixed assets		2.54		-
	(Loss) / Gain on sale of Investments		14.59		69.43
	Income from Mutual Fund Investment		61.14		53.15
	Net Cash from Investing activities - (B)		(1,784.82)		(3,602.74)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Redemption of Preference Share Capital		(100.00)		(100.00)
	Proceeds from Term loans and Other borrowings		2,815.87		5,706.38
	Repayment of Borrowings		(7,436.86)		(1,320.93)
	Interest paid		(941.33)		(528.74)
	Net Cash used in Financing activities - (C)		(5,662.32)		3,756.70
	Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C		(975.21)		(193.45)
	Cash and Cash equivalents at the beginning of the year		1,121.49		1,314.94
	Cash and Cash equivalents at the close of the year (Ref.Note 18)		146.28		1,121.49
			975.21		193.45

For and on behalf of the Board

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

for R.Subramanian and Company

Chartered Accountants

Firm No. 004137S

B.H. Kothari

Chairman and Managing Director

P.S.Gopalakrishnan

Director

M.Rajasekar

Partner

M.No.228637

Place : Chennai

Date : May 27, 2014

R.Prakash

Company Secretary

R.Krishnan

Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 1
CORPORATE INFORMATION

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

As of March 31, 2014, Parvathi Trading & Finance Co.Pvt. Ltd. owns 70.20% of the Company's equity share capital and Kothari Sugars and Chemicals Limited is its only subsidiary.

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

The financial statements have been prepared under the historical cost convention, as applicable to a going concern, as adopted consistently by the company.

(b) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financials and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment.

(c) BASIS OF CONSOLIDATION

The financial statements are prepared in accordance with principles and procedures for the preparation and presentation of consolidated financial statements as laid down in Accounting Standard 21 (AS 21).

(d) FIXED ASSETS & DEPRECIATION

- (i) Fixed assets are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.
- (ii) Depreciation on fixed assets is provided at Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956. Based on technical

opinion, plant and machinery have been classified as continuous process plant and depreciation has been provided at 5.28% on the original cost. Assets costing less than Rs.5000/- are fully depreciated.

(e) FOREIGN CURRENCY TRANSACTION

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

(f) INVESTMENTS

Investments are classified into current and long term Investments in line with the revised schedule VI requirement. Current Investments are stated at lower of cost and Fair Value. Long term Investments are valued at Cost .A provision for diminution is made to recognize a decline other than temporary in the value of Investments.

(g) INVENTORIES

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

(h) REVENUE RECOGNITION

- i) All revenues are accounted on accrual basis
- ii) Sales are net of trade discounts and sales tax.

(i) RETIREMENT BENEFITS
Defined Contribution Plans

The Company makes Provident fund and Superannuation contributions to defined contribution retirement benefit plans for qualifying employees. Under the Provident Fund scheme, the Company is required to contribute a specified

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

Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Liability for unavailed leave for Kattur & Sathamangalam plant workmen is actuarially valued and provided for but is not funded.

(j) RESEARCH AND DEVELOPMENT

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

(k) SEGMENT REPORTING

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

i) Inter-segment adjustments are carried out on estimated basis having regard to current trends wherever the actual cost is unascertainable.

ii) Revenues and expenses have been identified to segments wherever relatable on the basis of their relationship to specific operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not specifically allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses".

(l) IMPAIRMENT OF ASSETS

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

(m) PROVISION OF CONTINGENT LIABILITIES

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

(n) EARNINGS PER SHARE

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

(o) TAXES ON INCOME

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

(p) LEASES

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
2	SHARE CAPITAL		
	Authorised		
	13,00,00,000 (P.Y. 13,00,00,000) Equity Shares of Rs 10/- each	13,000.00	13,000.00
	12,00,000 (P.Y. 12,00,000) Redeemable Preference shares of Rs.100/- each	1,200.00	1,200.00
	20,00,000 (P.Y. 20,00,000) Redeemable Preference shares of Rs.10/- each	200.00	200.00
		1,400.00	1,400.00
	Total	14,400.00	14,400.00
	ISSUED SUBSCRIBED AND FULLY PAID-UP		
	Equity Share Capital		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs 10/- each	8,288.86	8,288.86
	{Of the above the holding company holds 5,81,86,610 shares (P.Y. 5,40,86,610 shares)}		
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.		
	Zero Percent Redeemable Preference Share Capital		
	12,00,000 (P.Y.12,00,000) Preference Shares of Rs.100/- each	1,200.00	1,200.00
	Less: Amount paid towards redemption in quarterly installments as per AAIFR Order dated 17.06.2004	578.57	492.85
	A	621.43	707.15
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co. Pvt. Ltd) holds 8,90,000 shares}		
	The redemption is as under:		
	50 % of the face value of preference shares in 28 equal quarterly installments commencing from 17.9.2007. The balance 50% of the face value of the preference in 8 equal quarterly installments commencing from 17.09.2014.		
	Zero Percent Redeemable Preference Share Capital		
	20,00,000 (P.Y. 20,00,000) Preference Shares of Rs.10/- each (held by holding Company Parvathi Trading & Finance Co. Pvt. Ltd.)	200.00	200.00
	Less: Amount paid towards redemption in quarterly installments as per AAIFR Order dated 17.06.2004	96.43	82.15
	B	103.57	117.85
	These will be redeemed as under:		
	50 % of the face value of preference shares in 28 equal quarterly installments commencing from 17.9.2007. The balance 50% of the face value of the preference in 8 equal quarterly installments commencing from 17.09.2014.		
	A+B	725.00	825.00
	Total	9,013.86	9,113.86

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
3	(a) Equity Shares	No. of Shares	
	Reconciliation of Number of Shares		
	Shares outstanding at the beginning of the year	8,28,88,580	8,28,88,580
	Shares outstanding at the end of the year	8,28,88,580	8,28,88,580
	List of shareholders holding more than 5% of the total number of shares issued by the Company:		
	Parvathi Trading & Finance Co.Pvt. Ltd. (70.20%) (P.Y. 65.25%)	5,81,86,610	5,40,86,610
	(b) Preference Shares		
	Reconciliation of Number of Shares		
	Zero percent Preference shares of Rs.100/-each		
	Shares outstanding at the beginning of the year	12,00,000	12,00,000
	Shares outstanding at the end of the year	12,00,000	12,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Industrial Development Bank of India (Nil) (P.Y. 45.83%)	-	5,50,000
	Parvathi Trading & Finance Co.Pvt.Ltd (Holding Company) (74.17%) (P.Y. 20.83%)	8,90,000	2,50,000
	Federal Bank (16.67%) (P.Y. 16.67%)	2,00,000	2,00,000
	Reconciliation of Number of Shares		
	Zero percent Preference shares of Rs.10/-each		
	Shares outstanding as at the beginning of the year	20,00,000	20,00,000
	Shares outstanding at the end of the year	20,00,000	20,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Industrial Development Bank of India (Nil) (P.Y. 100%)	-	20,00,000
	Parvathi Trading & Finance Co. Pvt. Ltd (100%) (P.Y. Nil)	20,00,000	-
		₹ in lakhs	
3	Reserves and Surplus		
	Capital Redemption Reserves		
	Opening Balance	575.00	475.00
	Add:On redemption of Preference Shares	100.00	100.00
	Total	675.00	575.00
	Debenture Redemption Reserve		
	Opening Balance	675.00	600.00
	Add:Transferred from Surplus in Statement of Profit and Loss	75.00	75.00
	Total	750.00	675.00
	Surplus in statement of Profit and Loss		
	Opening Balance	2,790.78	2,104.46
	Add: Profit for the Year	278.72	861.32
	Less:		
	Proposed Dividend	414.44	-
	Dividend Tax on Proposed Dividend	70.43	-
	Transfer to Capital Redemption Reserve	100.00	100.00
	Transfer to Debenture Redemption Reserve	75.00	75.00
	Closing Balance	2,409.63	2,790.78
	Grand Total	3,834.63	4,040.78

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
4	Long Term borrowings		
	Debentures		
	20,31,018 (P.Y. 20,31,018) Zero Coupon Bonds of Rs.100/- each redeemable at par in equal quarterly installments from 4th (2007-2008) to 10th year (2013-14)	2,031.02	2,031.02
	Less : Amount paid towards redemption in quarterly installments as per AAIFR order dated 17.06.2004.	1,958.48	1,668.34
	Rs.72.54 lacs (Rs.Nil) under long term borrowings and Rs.72.54 lacs under current maturities of long term debt) (P.Y. Rs 362.68 lacs) are secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the Company.		
	Of the above, Rs.41.78 lacs (P.Y. Rs.208.92 lacs) is due to the Holding Company		
	Repayable in 28 equal quarterly installments starting from September 2007. Last installment due in June 2014. Number of installment due 1.		
	Rate of Interest – Nil		
	Total (a)	72.54	362.68
	Transferred to current maturities of long term Debt	72.54	290.14
	Total	-	72.54
	20,31,017 (P.Y. 20,31,017) Zero Coupon Bonds of Rs.100/- each redeemable at par at the end of the 25th year (2029-2030)	2,031.02	2,031.02
	Of the above, amount due to the Holding Company Rs.1,533.43 Lacs		
	Secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one installment. Rate of Interest Nil		
	Total (b)	2,031.02	2,031.02
	Total (a+b)	2,031.02	2,103.56
	Debentures/Zero Coupon Bonds are secured by the first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamilnadu, except book debts of the company.		
	Term Loans from		
	Banks	4,159.55	1,590.78
	Sugar Development Fund	3,816.52	5,395.75
	Holding Company (Parvathi Trading & Finance Co.Pvt. Ltd.)	821.20	850.52
	Others	623.15	645.41
	Total	9,420.42	8,482.46
	Secured	8,797.27	7,837.05
	Unsecured	623.15	645.41
	Total (c)	9,420.42	8,482.46
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" Refer Note 9	1,605.18	1,294.17

NOTES FORMING PART OF FINANCIAL STATEMENTS

Term Loan from banks

Term Loan from Indian Bank Rs.1,464.28 lacs (P.Y. Rs.1,500 lacs) of which Rs.1,249.96 lacs under long term borrowings and Rs.214.32 lacs under current maturity. Secured by Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 82. Rate of Interest 11.70% p.a. Amount of each installment Rs.17.86 lacs.

Term Loan from Indian Bank Rs.125.28 lacs (P.Y. Rs.148.82 lacs) of which Rs.93.72 lacs under long term borrowings and Rs.31.56 lacs under current maturity. Secured by Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 48. Rate of Interest 11.45% p.a. Amount of each installment Rs.2.63 lacs.

Interest Free Term Loan from Indian Bank Rs.2,815.87 lacs (P.Y. Rs.Nil) under Scheme for Extending Financial Assistance to Sugar units 2014. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit.

Term Loan Sugar Development Fund

Rs.1,283.10 Lacs (P.Y. Rs.1,283.10 Lacs) of which Rs.1,026.48 lacs under long term borrowings and Rs.256.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 5.

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

Rs.1,376.19 Lacs (P.Y. Rs.1,720.24 lacs) of which Rs.1,032.14 lacs under long term borrowings and Rs.344.05 under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur Unit, Tamil Nadu except book debts of the Company. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018 Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lacs. Balance installments 8.

Rs.168 lacs (P.Y. Rs.504 lacs) of which Rs.168 Lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Repayment in 10 half yearly installments starting from March 2010 to September 2014. Balance Installment 1. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.

Rs.336 lacs (P.Y. Rs.672 lacs) of which Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Repayment in 10 half yearly installments starting from September 2010 to March 2015. Balance Installment 2. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.

Rs.33.11 lacs (P.Y. Rs.66.22 lacs) of which Rs.33.11 lacs under current maturity secured by bank Guarantee. Repayment in 4 equal annual installments from August 2011 to August 2014. Balance installments 1. Rate of Interest - 4 % Amount of each installment Rs.33.11 lacs.

Rs.116.80 lacs (P.Y. Rs.116.80 lacs) of which Rs.87.60 lacs under long term borrowing and Rs.29.20 lacs under current maturity secured by bank Guarantee Repayment in 4 annual equal installments starting from April 2014 to April 2017. Balance installments 4. Rate of Interest 4% p.a. Amount of each installment Rs.29.20 lacs.

Rs.272.79 lacs (P.Y. Rs.272.79 lacs) of which Rs.204.59 lacs under long term borrowing and Rs.68.20 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments 4. Rate of Interest 4% p.a. Amount of each installment Rs.68.20 lacs.

Rs.182.61 lacs (P.Y. Rs.182.61 lacs) Repayment 4 equal Annual installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 8 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs.22.83 lacs.

Term Loan From Holding Company

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

Rs.29.33 lacs (P.Y. Rs.146.64 lacs) of which Rs.29.33 lacs under current maturity secured by hypothecation of movable properties including plant and machinery and Inventories situated at Kattur unit, Tamil Nadu Payable in 28 equal quarterly installments Balance Installments 1. Rate of Interest – Nil Amount of each installment Rs.29.33 lacs.

Term Loan From Others (Unsecured)

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

Rs.22.26 lacs (P.Y. Rs.111.28 lacs) of which Rs.22.26 lacs under current maturity. Repayment in 28 equal quarterly installments. Balance installments 1. Rate of Interest Nil. Amount of final installment Rs.22.26 lacs.

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Other Loans (Secured)		
	Vehicle Loan	-	30.96
	Total (d)	-	30.96
	Total (a+b+c+d)	11,451.44	10,616.98
	Vehicle loan from Kotak Mahindra Prime Ltd. Rs.30.96 lacs (P.Y. Rs.58.87 lacs) of which Rs.30.96 lacs is shown under Current liabilities "Current maturity of vehicle loan". Last repayment due in March 2015. Amount of each installment Rs.2.73 lacs. Balance installments 12. Rate of Interest 10.42% p.a.		
5	Deferred Tax Liability / (Asset)		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	3,170.75	3,065.56
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(68.41)	(192.03)
	Provision for Diminution in value of current investments	(31.75)	(4.50)
	Carry Forward Depreciation loss	(878.02)	(797.72)
	Deferred Tax Liability (Net)	Total 2,192.58	2,071.31
6	Other Long-term Liabilities		
	Trade payables	8.28	185.48
	Interest accrued but not due on Loans	861.91	761.78
	Deferred Sales Tax payable as per AAIFR	-	387.83
	Other payables and Deposits	421.85	426.02
	Total	1,292.03	1,761.12
	Current Liabilities		
7	(A) Short-Term Borrowings - Secured		
	Loans repayable on demand		
	From banks*	400.83	4,356.29
	Total	400.83	4,356.29
	*Cash Credit from Indian Bank for Rs.400.83 Lacs (Previous year Rs.4,356.29 Lacs) is secured by exclusive first charge on land, Buildings and Plant and Machinery and all the movable properties (present and future) of the Sathamangalam sugar and cogeneration Unit		
	(B) Short-Term Borrowings - Unsecured		
	Loans repayable on demand		
	From Parasakthi Trading Co.Pvt.Ltd	-	1,500.00
		-	1,500.00
	Total (A+B)	400.83	5,856.29
8	Trade Payables	4,863.96	2,077.18
	Total	4,863.96	2,077.18
	The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Act 2006. The disclosures relating to amounts unpaid as at the year end together with interest payable / paid under this act could not be given.		

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
9	Other Current Liabilities		
	Current maturity of long term debt	1,605.18	1,294.17
	Current maturity of Deferred Sales Tax payable as per AAIFR scheme	210.84	204.05
	Current maturity of Interest accrued but not due on borrowings	10.28	12.77
	Current maturity of vehicle loan	30.96	27.89
	Statutory Remittances	229.71	242.68
	Gratuity	-	31.27
	Dividend payable	414.44	-
	Dividend distribution tax payable	70.43	-
	Advances from related parties	127.00	-
	Advances from Customers	1,049.61	28.47
	Others	678.59	930.23
	Total	4,427.04	2,771.53
10	Short- term Provisions		
	Provision for employee benefits		
	Compensated absences	25.44	27.37
	Superannuation	3.04	2.96
	Bonus & Exgratia	28.91	26.69
	Total	57.40	57.02

NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Fixed Assets

(₹ in lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Disposals	As at 31.03.2014	As at 01.04.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
(i) Tangible Assets										
Land	364.34	-	-	364.34	-	-	-	-	364.34	364.34
Buildings	4,064.80	363.39	-	4,428.19	1,139.27	112.63	-	1,251.90	3,176.28	2,925.52
Plant and Equipment	33,438.76	429.60	-	33,868.36	14,586.02	1,430.52	-	16,016.54	17,851.82	18,852.73
Furniture and Fixtures	246.24	1.47	-	247.71	149.25	11.42	-	160.67	87.04	96.99
Vehicles	492.90	44.53	10.07	527.36	74.15	50.13	5.87	118.41	408.95	418.75
Total	38,607.03	838.99	10.07	39,435.95	15,948.69	1,604.70	5.87	17,547.52	21,888.43	22,658.33
Previous year	32,501.52	6,105.51	-	38,607.03	14,264.83	1,683.87	-	15,948.70	22,658.33	18,236.69
(ii) Intangible assets										
Computer Software	33.98	-	-	33.98	22.64	4.92	-	27.56	6.42	11.34
Total	33.98	-	-	33.98	22.64	4.92	-	27.56	6.42	11.34
Previous year	33.98	-	-	33.98	17.30	5.34	-	22.64	11.34	16.68

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
12	Non-Current Investments		
	Non-Trading Investments	1,309.64	1,309.64
	Less : Provision for Diminution	1,280.60	1,280.60
	[Refer Note no 15 (a)]		
	Total	29.04	29.04
	Investments in Equity instruments	28.98	28.98
	Investments others	0.06	0.06
	Total	29.04	29.04
13	Long Term Loans and Advances		
	Capital Advances		
	Unsecured, considered good	-	4.39
	Security deposits		
	Related Parties (Unsecured, considered good)	-	13.87
	Others (Unsecured, considered good)	306.33	69.00
	Loans and advances to related parties		
	Doubtful {includes subsidiary of Rs.55.51 lacs (P.Y. Rs.55.51 lacs)}	76.73	76.73
	Others (Unsecured, considered good)	10.00	-
		393.06	163.99
	Less: Provision for doubtful loans and advances	76.73	76.73
	Total (a)	316.33	87.26
	Other loans and advances - Income Tax refund receivable net of provision for Tax		
	Total (b)	551.10	523.88
	Total (a+b)	867.43	611.14
14	Other Non-Current Assets		
	Advance to Suppliers	0.93	53.55
	Application money for Investments in Bonds	-	400.00
	Others	8.59	5.41
	Total	9.52	458.96
15	CURRENT ASSETS		
	Current Investments		
	Investments in Equity instruments	112.08	172.25
	Investments in Mutual funds	560.40	769.20
	Investments in Bonds/Debentures	979.83	-
	Less : Provision for Diminution	97.86	132.31
	[Refer Note no 15 (b)]		
	Refer note 1 (f) for method of valuation		
	Total	1,554.46	809.14

NOTES FORMING PART OF FINANCIAL STATEMENTS - 15 (a)

₹ in lakhs

As at 31.03.14 Qty.	As at 31.03.13 Qty.	Investment	Category	As at 31.03.14	As at 31.03.13
	A	NON-CURRENT INVESTMENT AT COST			
		Government Securities			
		INDIRA VIKAS PATRA	Non-Trading	0.06	0.06
9,99,950	9,99,950	Subsidiary Companies -Equities (Fully paid up) Unquoted			
		KOTHARI INTERNATIONAL TRADING LTD - Rs.10/- EACH	Non-Trading	99.99	99.99
1,20,19,000	1,20,19,000	Associate Companies - Equities (Fully paid up)-Quoted			
		KOTHARI PETROCHEMICALS LTD OF Rs.10/- EACH	Trading	1,201.90	1,201.90
20	20	Associate Companies - Equities (Fully paid up)-Unquoted			
		KOTHARI BIOTECH LTD - Rs.10/- EACH	Non-Trading	0.003	0.003
5,000	5,000	Equities - Others (Fully paid up) - Quoted			
		GUJARAT PETROSYNTHESIS LTD - Rs.10/- EACH	Non-Trading	2.50	2.50
50,000	50,000	Equities - Others (Fully paid up) - Unquoted			
		BIO- TECH CONSORTIUM LTD - Rs.10/- EACH	Non-Trading	5.00	5.00
2,086	2,086	Equities - Others (Fully paid up)-Unquoted			
		KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES CO-OPERATIVE SOCIETY LTD OF Rs.10/- EACH.	Non-Trading	0.20	0.20
		TOTAL Non-Current Investment at cost		1,309.64	1,309.64
		Provision for Diminution in value of Investment		1,280.60	1,280.60
		TOTAL Non-Current Investment (Net)		29.04	29.04
		Aggregate of :			
		Quoted non-current investments at cost		1,309.64	1,309.64
		Market Value of Quoted Investments		1,023.32	740.42
	B	CURRENT INVESTMENT AT COST			
		(Valued at lower of cost and market value)			
		Investment in Mutual Funds (Quoted)			
-	64,851	BIRLA FRONTLINE EQUITY FUND	Trading	-	15.00
59,738	59,738	FRANKLIN FLEXICAP FUND	Trading	10.00	10.00
41,548	41,548	FRANKLIN INDIA PRIMA FUND	Trading	20.00	20.00
51,960	51,960	FRANKLIN INDIA PRIMA PLUS FUND	Trading	16.20	16.20
27,333	27,333	FT INDIA BALANCED FUND	Trading	6.00	6.00
-	1,00,000	IDBI JUNIOR NIFTY INDEX FUND	Trading	-	10.00
52,604	52,604	SBI MAGNUM COMMA FUND	Trading	10.00	10.00
93,528	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	25.00	25.00
66,782	66,782	SUNDARAM SMILE FUND	Trading	10.00	10.00
2,45,694	2,45,694	SBNPP CAPEX OPPORTUNITIES FUND	Trading	38.00	38.00
-	3,04,376	L & T FINANCE HOLDINGS LTD	Trading	-	304.38
62,321	62,321	FRANKLIN INDIA PRIMA FUND	Trading	30.00	30.00
-	1,79,822	BIRLA SUNLIFE SHORT TERM FUND	Trading	-	78.07
-	9,93,210	IDFC DYNAMIC BOND FUND	Trading	-	102.23
-	4,84,124	RELIGARE SHORT TERM PLAN	Trading	-	50.88
-	4,21,079	TEMPLETON INDIA LOW DURATION FUND	Trading	-	43.45
1,23,908	-	HDFC FLOATING RATE INCOME FUND	Trading	27.11	-
7,24,762	-	IDFC DYNAMIC BOND FUND	Trading	106.71	-
46,624	-	BIRLA SUN LIFE SAVINGS FUND	Trading	114.62	-
5,488	-	RELIANCE MONEY MANAGER FUND	Trading	96.77	-
5,00,000	-	HDFC FMP 377D MARCH 2014 (1)	Trading	50.00	-
		Total Current Investments at cost		560.40	769.20
		Less: Provision for Diminution in value of Investment		44.97	59.38
		Net Current Investments		515.43	709.82

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.14 Qty.	As at 31.03.13 Qty.	Investment	Category	As at 31.03.14	As at 31.03.13
		<u>Equity - Others (Fully Paid) Quoted</u>			
2,500	2,500	BHARAT HEAVY ELECTRICALS LIMITED (Rs. 2 EACH)	Trading	10.86	10.86
300	300	ABB LIMITED (Rs. 2 EACH)	Trading	3.49	3.49
290	290	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	1.97	1.97
4,600	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	2.86	2.86
1,000	1,000	IDFC (Rs. 10 EACH)	Trading	2.11	2.11
1,000	1,000	INDIAN HOTELS (Re. 1 EACH)	Trading	1.26	1.26
-	3,000	LARSEN & TOUBRO LTD -(Rs. 2 EACH)	Trading	-	50.70
3,500	3,500	RELIANCE COMMUNICATIONS LIMITED (Rs. 5 EACH)	Trading	13.01	13.01
2,350	2,350	RELIANCE INDUSTRIES LTD (Rs. 10 EACH)	Trading	26.44	26.44
450	450	RELIANCE INFRASTRUCTURE LIMITED (Rs. 10 EACH)	Trading	4.42	4.42
3,500	3,500	RELIANCE POWER LTD (Rs. 10 EACH)	Trading	8.19	8.19
1,800	1,800	SINTEX INDUSTRIES LIMITED (Re.1 EACH)	Trading	3.20	3.20
17,000	17,000	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	22.76	22.76
-	300	LARSEN AND TOUBRO LTD	Trading	-	5.57
-	2,100	MUNDRA PORT LTD	Trading	-	3.88
1,500	1,500	RELIANCE COMMUNICATIONS LTD	Trading	7.32	7.32
875	875	RELIANCE NATURAL RESOURCES LTD	Trading	4.18	4.18
		Total Current Investments at cost		112.08	172.24
		Less : Provision for Diminution in value of Investment		52.89	72.93
		Net Current Investments		59.19	99.31
		Investment in NCD (Quoted)			
30	-	TATA MOTORS FINANCE LIMITED	Trading	300.00	-
4,86,958	-	L&T FINANCE HOLDINGS LIMITED	Trading	486.96	-
1,500	-	NABARD ZCB	Trading	192.87	-
		Net Current Investments		979.83	-
		Investments (Net)		1,583.50	838.18
		Aggregate of :			
		Quoted current investments at cost		1,681.36	970.49
		Market Value of Quoted Investments (Current)		1,583.50	838.18

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
16 Inventories			
	Raw materials and packing materials	218.56	241.89
	Work in progress	438.22	274.88
	Finished goods	8,845.53	8,546.79
	Raw Sugar (Bought out)	17.18	-
	Stores and spares	720.33	710.00
	Total	10,239.82	9,773.56
	Refer note 1 (g) for method of valuation		
17 Trade Receivables			
	(Unsecured, Considered good)		
	For a period exceeding six months	82.41	418.25
	Others	1,242.35	1,254.34
	Total	1,324.76	1,672.59
18 Cash and Cash Equivalents			
	Cash on Hand	0.83	1.57
	Balances with Bank - In current accounts	68.17	740.89
	Fixed Deposit with Banks	77.28	379.03
	Total (a)	146.28	1,121.49
	Other Bank Balances		
	Balances with Bank-Under Lien	0.49	13.71
	Balances held as margin money or security against borrowings, guarantees and other commitments	143.23	133.33
	Total (b)	143.72	147.04
	Total (a+b)	290.00	1,268.53
19 Short Term Loans And Advances			
	(Unsecured and considered good)		
	Balances with government authorities		
	- CENVAT credit receivable	214.07	255.94
	- Service Tax credit receivable	10.11	5.78
	- Others	3.17	11.84
	Prepaid Expenses	117.69	146.09
	Other loans and advances	130.03	307.84
	Total	475.07	727.49
20 Other Current Assets			
	Drawback entitlement	-	1.27
	Other Receivables	198.15	195.08
	Advance to Suppliers	100.94	83.43
	Total	299.09	279.78

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
21	Revenue from Operations		
	Sale of products		
	Sugar	23,190.56	35,890.47
	Industrial Alcohol	6,217.80	5,752.18
	Electric Power	1,469.27	2,412.00
	Bagasse	1,822.36	-
	Others	349.94	302.94
	Other Operating revenues	92.25	42.29
	Total	33,142.18	44,399.88
22	Other Income		
	Interest Income		
	- From Bank Deposits	76.49	67.04
	- Others	3.69	4.98
	Dividend Income from Current Investments		
	- Others	61.14	53.15
	Dividend Income from Associate	90.14	60.10
	Net gain on sale of current investments	14.59	69.43
	Other Non-Operating Income		
	- Other Miscellaneous income	462.18	330.87
	- Accretion in value of investments	34.45	-
	- Exchange gain (Forex)	-	23.30
	- Liability no longer required written back	187.29	180.26
	Total	929.98	789.13
	EXPENSES		
23	Cost of Materials Consumed		
	Raw Material		
	Sugarcane	21,863.47	31,490.19
	Coal	1,084.16	18.09
	Others	1,283.13	432.13
	Chemical and Others	389.71	613.51
	Packing	529.67	744.62
	Total	25,150.13	33,298.54

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
24	Changes in Inventories of Finished Goods, Work-in-progress		
	Opening Stock		
	Finished Goods		
	Sugar	8,069.25	7,520.51
	Molasses	219.78	439.34
	Industrial Alcohol	257.75	40.35
	Work in progress		
	Sugar	263.58	341.05
	Molasses	11.30	13.34
	Total	8,821.66	8,354.59
	Closing Stock		
	Finished Goods		
	Sugar	8,304.50	8,069.25
	Molasses	187.77	219.78
	Industrial Alcohol	353.25	257.75
	Work in progress		
	Sugar	424.32	263.58
	Molasses	13.90	11.30
	Total	9,283.75	8,821.66
	(Increase) / Decrease over the previous year	(462.09)	(467.07)
	Excise duty adjustment for movement in Finished goods inventory	(76.21)	(30.98)
	Net change (Increase) / Decrease	(538.30)	(498.05)
25	Employee Benefits Expense		
	Salaries and Wages	1,511.93	1,447.00
	Contribution to Provident and Other Funds	112.32	135.20
	Staff Welfare Expenses	76.83	160.87
	Total	1,701.07	1,743.07
26	Finance Cost		
	Interest Expense	941.33	528.74
	Other Borrowing Costs	54.69	56.92
	Total	996.02	585.66
27	Depreciation and amortization expense	1,609.62	1,689.21

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
28	Other Expenses		
	Consumption of stores and spare parts	814.49	1,297.42
	Power and Fuel	526.92	564.08
	Rent	46.42	64.96
	Repairs-Buildings	115.93	120.75
	Repairs to Machinery	371.84	501.40
	Repairs to Others	99.66	99.87
	Biocompost	82.65	79.71
	Insurance	87.24	79.03
	Rates and Taxes	141.80	166.55
	Excise duty expunged	378.87	631.92
	Freight & Clearing Expenses	582.09	422.18
	Directors Sitting fees	2.17	2.06
	Auditor's Remuneration		
	- Statutory Audit	3.50	2.75
	- Limited Review Audit	1.20	1.20
	Travelling Expenses	45.39	190.73
	Research and Development	2.23	2.30
	Conveyance	8.47	22.97
	Professional Fees	71.85	148.38
	Commission	23.08	33.34
	Loss on Sale of Assets	1.65	-
	Rebates & Discounts	-	0.10
	Administration Expenses	457.96	776.90
	Bad Debts	14.64	103.30
	Diminution in value of current Investments	-	13.87
	Miscellaneous Expenses	16.36	31.32
	Total	3,896.43	5,357.07

29. Employee Benefits:

The following table sets forth the status of the un availed earned leave and Gratuity plan of the Company and the amounts recognized in the Balance sheet and Profit and Loss Account:

a) Earned Leave

₹ in lakhs

Net Liability Recognized	2013-14	2012-13
Present Value of Obligation	6.84	5.30
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized	(6.84)	(5.30)

Principal Actuarial Assumptions		
Interest rate (Liabilities)	8.00%	8.00%
Return on assets	Does not arise	Does not arise
Mortality table	Indian Assured Lives (2006 – 08)	Indian Assured Lives (2006 – 08)
Resignation rate per annum	1%	1%
Salary escalation rate	6%	6%

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

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

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

₹ in lakhs

Particulars	Gratuity Plan	
	2013-14	2012-13
Projected benefit obligation at the beginning of the period	323.31	273.05
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Actuarial loss / (gain)	(56.49)	12.60
Benefits paid	(39.01)	(18.64)
Projected benefit obligation at the end of the period	301.32	323.31
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	301.33	323.31
Fair value of plan assets at end of the period	312.28	285.10
Liability recognized in the balance sheet	(10.95)	38.21
Cost for the period		
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Expected return on plan assets	(24.76)	(18.71)
Net actuarial (gain)/loss recognized in the period	(59.70)	1.73
Total	(10.95)	39.32
Less: Share of contribution from Associate Company	3.61	(6.94)
Net Cost recognized in Statement of Profit & Loss	(7.34)	32.38

30. Contingent Liabilities: -

- Excise duty demands under appeal Rs.662.70 Lakhs (Previous year Rs.614.46 Lakhs)
- Estimated amount of contracts remaining to be executed on capital account is Rs.1.87 lakhs (Previous year Rs.215.79 lakhs)
- Urban Land Tax under appeal Rs.42.33 Lakhs (Previous year Rs.40.28 Lakhs)
- Customs duty under appeal Rs.73.39 Lakhs (Previous year Rs.73.39 Lakhs)
- Electricity Generation Tax Rs.1191.31 Lakhs (Previous year Rs.1086 Lakhs)
- Electricity Tariff revision Rs.284.11 Lakhs (Previous year Rs. Nil)

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

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

Sugar, Power generation and Distillery.

Sugar segment comprises of sugar and molasses, Power segment comprise generation of power from bagasse and coal and Distillery segment comprises of rectified spirit and denatured spirit.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
ii) Geographical Segments

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

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

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

Refer Separate workings on Segment Results - Annexure - I at Page No. 43

32. Related Party Disclosures:

Refer separate workings on Related Party Transactions - Annexure - II at Page No. 44

33. Earnings per Share:

Particulars	2013-14	2012-13
Net Profit after Tax excluding Exceptional Item (Rs.in lakhs)	278.72	861.32
No. of Equity Shares of Rs. 10/- each	8,28,88,580	8,28,88,580
Earning per Share (Basic & Diluted) (Rs.)	0.34	1.04

34. Rental Income

A sum of Rs.25.83 lakhs (Previous Year Rs.23.98 lakhs) has been considered as rental Income from property.

35. Operating Lease

- A sum of Rs.46.42 lakhs (Previous Year Rs.64.96 lakhs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.
- Maximum Lease payments in respect of vehicle purchased under hire purchase is as under:

₹ in lakhs

Particulars	31.03.14	31.03.13
Less than one year	30.96	32.73
Between 1 year and less than 5 year	Nil	32.73
Total	30.96	65.46

36. Foreign Exchange earnings and outgo

₹ in lakhs

S.No.	Particulars	2013-14	2012-13
(i)	Total Foreign Exchange earned	Nil	1331.24
(ii)	Total Foreign Exchange outflow	Nil	25.44

37. CIF value of Imports

₹ in lakhs

S.No.	Particulars	2013-14	2012-13
(i)	Stores and Spares	2.02	Nil

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

For and on behalf of the Board

for R.Subramanian and Company

Chartered Accountants

Firm No. 004137S

B.H. Kothari

Chairman and Managing Director

P.S.Gopalakrishnan

Director

M.Rajasekar

Partner

M.No.228637

Place : Chennai

Date : May 27, 2014

R.Prakash

Company Secretary

R.Krishnan

Chief Financial Officer

Annexure - I - Segment Information (Note - 31)

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

These are:

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

₹ in lakhs

Particulars	Sugar		Power		Distillery		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Segment revenues	25,683.26	39,437.67	5,059.47	4,982.75	6,482.26	6,006.93	37,224.99	50,427.35
Segment results	(2,220.74)	451.49	(582.07)	(853.75)	3,318.04	3,192.39	515.23	2,790.13
Segment assets	20,052.64	21,254.49	6,612.01	7,285.07	6,675.34	5,814.48	33,339.99	34,354.04
Segment Liabilities	22,273.38	20,803.00	7,194.08	8,138.82	3,357.30	2,622.08	32,824.76	31,563.91
Capital Expenditure	214.82	5,884.45	34.37	92.56	579.01	16.62	828.20	5,993.63
Depreciation	682.21	748.40	683.32	678.10	216.10	226.86	1,581.62	1,653.36

₹ in lakhs

Reconciliation of reportable segments with the financial statements:

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Total Reportable Segment	37,224.99	50,427.35	515.23	2,790.13	33,339.99	34,354.04	32,824.76	31,563.91	828.20	5,993.63	1,581.62	1,653.36
Corporate-Unallocated	-	-	(463.60)	(2,171.23)	5,472.28	6,142.68	5,708.79	8,071.50	10.78	111.88	28.00	35.85
Inter Segment	(4,849.53)	(7,125.66)	-	-	-	-	-	-	-	-	-	-
Other revenues	898.71	789.13	-	-	-	-	-	-	-	-	-	-
Interest (Corporate)	-	-	(5.10)	(7.30)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	232.18	249.71	-	-	-	-	-	-	-	-
	33,274.17	44,090.82	278.72	861.32	38,812.27	40,496.72	38,533.55	39,635.41	838.99	6,105.51	1,609.62	1,689.21

b) Secondary Segment Information:

₹ in lakhs

Particulars	2013-14		2012-13	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	37,224.99	-	49,102.67	1,324.68
2. Carrying amount of Segment Assets	33,339.99	-	34,354.04	-
3. Additions to Fixed / Intangible Assets	838.99	-	6,105.51	-

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

(i) Parties with Significant influence (Direct and Indirect)	Holding Company	Parvathi Trading & Finance Co.Pvt. Ltd.
	Associate	Parsakthi Trading Co.Pvt. Ltd.
	Associate	Spellbound Trading Pvt. Ltd.
	Associate	Kothari Petrochemicals Ltd.
	Associate	Century Foods Pvt. Ltd.
	Associate	Santoor Commercials Pvt.Ltd
	Associate	Kothari Safe Deposits Ltd.
	Associate	Kothari Biotech Ltd.
(ii) Key Management Personnel	Wholly owned Subsidiary	Kothari International Trading Ltd.
	Chairman & Managing Director	Mr.B H Kothari

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)																			
	Parvathi Trading & Finance Co. Pvt. Ltd.		Parasakthi Trading Co. Pvt. Ltd.		Spellbound Trading Pvt. Ltd.		Kothari Petrochemicals Ltd.		Century Foods Pvt. Ltd.		Santoor Commercials Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Ltd.		Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rent	-	-	-	-	-	-	-	-	23.61	28.72	12.25	-	7.85	18.69	-	-	-	-	-	-
Electricity charges	-	-	-	-	-	-	3.99	-	2.87	2.82	-	-	1.17	1.29	-	-	-	-	-	-
Travel and other reimbursements	-	-	-	-	-	-	52.23	12.12	-	-	-	-	3.98	6.48	-	-	-	0.01	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	151.80	-	-	-	-	-	-	-	-	-	209.18	261.70	-	-
Rates & Taxes - Reimbursed	-	-	-	-	-	-	-	-	-	-	-	-	-	3.41	-	-	-	-	-	-
Advance received	-	-	-	-	-	-	127.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	1.78	-	-	-	-
Advance for purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-	-	-	-	-
Remuneration to CMD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53.76	53.76
Commission to CMD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47.15
Interest	-	-	138.44	-	89.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan-Borrowing	-	-	(500.00)	(1,500.00)	(1,800.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repayment	284.45	-	2,000.00	-	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances																				
Loans and Advances	-	-	-	-	-	-	(127.00)	-	-	-	-	-	-	-	31.22	21.22	55.51	55.51	-	-
Term Loans	(850.52)	(967.84)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,575.22)	(1,742.35)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan	-	-	-	(1,500.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Deposit	-	-	-	-	-	-	-	-	-	-	-	-	13.87	-	-	-	-	-	-	-
Investment in Share Capital	-	-	-	-	-	-	1,201.90	1,201.90	-	-	-	-	-	-	-	-	99.99	99.99	-	-

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

HOLDING COMPANY:- KOTHARI SUGARS AND CHEMICALS LIMITED (KSCL)	
SUBSIDIARY COMPANY :- KOTHARI INTERNATIONAL TRADING LIMITED (KITL)	
Name of the Subsidiary Company	KITL
1. Financial Year of the subsidiary ended on	31.03.2014
2. Year from which they become Subsidiary Company	1996
3. Share of the Subsidiary (KITL) held by the holding company KSCL at the end of the Financial Year of Subsidiary Company :	
(a) No. of shares	9,99,950
(b) Face Value of shares	Rs.10
(c) Extent of Interest of holding company	99.99%
(d) Quoted / Unquoted	Unquoted
4. The net aggregate amount of profit and loss for the subsidiary so far as its concerns members of the holding company.	
a. Not dealt with holding Company's accounts	
(i) For the financial year ended 31.03.2014 (Rs.in lacs)	129.28
(ii) For the previous financial year of the Subsidiary Company since they became the holding Company's subsidiary. (Rs.in lacs)	92.62
b. Dealt within the holding Company's accounts	
(i) For the financial year ended 31.03.2014	Nil
(ii) For the previous financial year of the Subsidiary Company since they became the holding Company's subsidiary.	Nil
5. a. Holding Company's interest in Subsidiary as at end of the Financial year of Holding Company.	Not Applicable
b. Material change in respect of Subsidiaries (Rs.in lacs)	
(i) Fixed Assets	No Change
(ii) Investments	No Change
(iii) Moneys lent	No Change
(iv) Moneys Borrowed	(209.18)

Consequent to the notification under the companies Act, 1956, the financial statements for the year ended 31st March 2014 are prepared under revised schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

For and on behalf of the Board

for R.Subramanian and Company
 Chartered Accountants
 Firm No. 004137S

B.H. Kothari
 Chairman and Managing Director

P.S.Gopalakrishnan
 Director

M.Rajasekar
 Partner
 M.No.228637

Place : Chennai
 Date : May 27, 2014

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**To the Board of Directors of Kothari Sugars and Chemicals Limited**

We have audited the accompanying consolidated financial statements of Kothari Sugars and Chemicals Limited ("the Company") and its subsidiaries and associate, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of the subsidiary, whose financial statement / financial information reflect total assets (net) of Rs.90.41 Lacs as at March 31, 2014, and total revenues of Rs.175.67 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of other auditors.

Our opinion is not qualified in respect of this matter.

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

Place : Chennai
Date : May 27, 2014

M. Rajasekar
Partner
M.No. 228637

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

₹ in lakhs

	Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
I	EQUITY AND LIABILITIES					
1)	Shareholders' funds					
	a) Share Capital	2	9,013.86		9,113.86	
	b) Reserves and surplus	3	5,021.14		5,307.20	
				14,035.00		14,421.06
2)	Non-Current liabilities					
	a) Long-term borrowings	4	11,451.44		10,616.98	
	b) Deferred tax liabilities (Net)	5	2,192.58		2,071.31	
	c) Other Long term liabilities	6	1,320.82		1,796.11	
				14,964.84		14,484.40
3)	Current liabilities					
	a) Short-term borrowings	7	400.83		5,856.29	
	b) Trade payables	8	4,864.13		2,077.18	
	c) Other current liabilities	9	4,427.04		2,772.07	
	d) Short-term provisions	10	57.40		57.02	
				9,749.40		10,762.56
	TOTAL			38,749.24		39,668.02
II	ASSETS					
1)	Non-current assets					
	a) Fixed assets					
	i) Tangible assets	11	21,888.43		22,658.33	
	ii) Intangible assets	11	6.42		11.34	
	iii) Capital work-in-progress		549.73		66.17	
	b) Non-current investments	12	1,211.20		1,211.20	
	d) Long-term loans and advances	13	871.10		619.98	
	e) Other non-current assets	14	9.54		458.96	
				24,536.42		25,025.98
2)	Current assets					
	a) Current investments	15	1,554.46		809.14	
	b) Inventories	16	10,239.82		9,773.56	
	c) Trade receivables	17	1,324.76		1,672.59	
	d) Cash and Bank balances	18	319.64		1,379.48	
	e) Short-term loans and advances	19	475.06		727.49	
	f) Other current assets	20	299.09		279.78	
				14,212.82		14,642.04
	TOTAL			38,749.24		39,668.02
	Significant Accounting Policies & Notes to Accounts	1-41				

For and on behalf of the Board

 for R.Subramanian and Company
Chartered Accountants
Firm No. 004137S

B.H. Kothari
Chairman and Managing Director

P.S.Gopalakrishnan
Director

M.Rajasekar
Partner
M.No.228637

 Place : Chennai
Date : May 27, 2014

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014 ₹ in lakhs

	Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I	Revenue from Operations (Gross)	21	33,142.18	44,399.88
	Less: Excise Duty		798.00	1,098.18
	Revenue from operations (net)		32,344.18	43,301.70
II	Other Income	22	896.46	804.21
III	Total Revenue (I+II)		33,240.64	44,105.91
IV	Expenses:			
	(a) Cost of materials consumed	23	25,150.13	33,298.54
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	(538.30)	(498.05)
	(c) Employee benefits expense	25	1,712.55	1,743.07
	(d) Finance costs	26	996.02	585.66
	(e) Depreciation and amortization expenses	27	1,609.62	1,689.21
	(f) Other expenses	28	3,898.94	5,518.08
			32,828.97	42,336.51
V	Profit before exceptional and extraordinary items and tax (III-IV)		411.66	1,769.40
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		411.66	1,769.40
	Add: Share of Profit before exceptional income in Associate		161.39	0.86
VIII	Less : Tax expense			
	(a) Current tax expense for current year		91.58	389.75
	(b) Deferred tax		121.26	687.42
			212.84	1,077.17
IX	Profit for the year (VII-VIII)		360.21	693.09
X	Earnings per equity share:			
	1 Basic		0.43	0.84
	2) Diluted		0.43	0.84
	Significant Accounting Policies & Notes to Accounts	1-41		

For and on behalf of the Board

As per our report of even date

for R.Subramanian and Company
Chartered Accountants
Firm No. 004137S

B.H. Kothari
Chairman and Managing Director

P.S.Gopalakrishnan
Director

M.Rajasekar
Partner
M.No.228637

Place : Chennai
Date : May 27, 2014

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014 ₹ in lakhs

	Particulars	As at 31.03.2014		As at 31.03.2013	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit / (Loss) before tax (Including share of profits from Associates)		573.05		1,770.25
	Adjustments for :				
	Depreciation	1,609.62		1,689.21	
	Interest Income	(80.83)		(72.22)	
	Dividend Income from Associate	(90.26)		(60.17)	
	Bad Debts	14.64		263.86	
	Liability no longer required written back	(187.29)		(180.26)	
	Provision for Compensated absences	25.44		27.37	
	Finance Cost - Interest	941.33		528.74	
	Provision for Diminution / (accretion) in value of Investments	(34.45)		13.87	
	Loss on Sale of assets (Vehicles)	1.65		-	
	Loss / (Gain) on sale of Investments	(14.59)		(69.43)	
	Income from Mutual Fund Investment	(61.14)		(53.15)	
	Adjustments for reserves - Associate	(161.39)		(0.86)	
			1,962.72		2,086.96
	Operating Profit before Working Capital changes		2,535.77		3,857.21
	(Increase) / Decrease in Trade Receivables	333.19		79.59	
	(Increase) / Decrease in Other Receivables	511.84		270.72	
	(Increase) / Decrease in Inventories	(466.26)		(699.16)	
	Increase / (Decrease) in Trade Payables and Other Payables	3,552.40		(3,523.44)	
			3,931.17		(3,872.29)
	Cash Generation from Operations		6,466.94		(15.08)
	Less: Income Tax Paid		77.08		350.00
	Net Cash Generation from Operating Activities - (A)		6,389.86		(365.08)
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital Expenditure		(1,322.55)		(3,661.49)
	Proceeds from sale of Investments (net)		(710.87)		(195.95)
	Interest Received		80.83		72.22
	Dividend Income from Associate		90.26		60.17
	Consideration for Sale of Fixed assets		2.54		-
	(Loss) / Gain on sale of Investments		14.59		69.43
	Income from Mutual Fund Investment		61.14		53.15
	Net Cash from Investing activities - (B)		(1,784.05)		(3,602.46)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Redemption of Preference Share Capital		(100.00)		(100.00)
	Proceeds from Term loans and Other borrowings		2,815.87		5,706.38
	Repayment of Borrowings		(7,436.86)		(1,320.93)
	Interest paid		(941.33)		(528.74)
	Net Cash used in Financing activities - (C)		(5,662.33)		3,756.71
	Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C		(1,056.52)		(210.85)
	Cash and Cash equivalents at the beginning of the year		1,232.44		1,443.29
	Cash and Cash equivalents at the close of the year (Ref.Note 18)		175.92		1,232.44
			1,056.52		210.85

For and on behalf of the Board

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

for **R.Subramanian and Company**

Chartered Accountants

Firm No. 004137S

B.H. Kothari
Chairman and Managing Director

P.S.Gopalakrishnan
Director

M.Rajasekar
Partner
M.No.228637

Place : Chennai
Date : May 27, 2014

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
NOTE 1
CORPORATE INFORMATION

Kothari Sugars and Chemicals Limited (referred to as "KSCL Ltd." or the "Company") and its subsidiaries (collectively referred to as the "Group") are the Manufacturers of Sugar, Alcohol and Co-generation of power having units at Kattur and Sathamangalam, Tamilnadu and Trading in exports.

As of March 31, 2014, Parvathi Trading & Finance Co. Pvt. Ltd., owns 70.20% of the Company's equity share capital and Kothari Sugars and Chemicals Limited is its only subsidiary.

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

The financial statements have been prepared under the historical cost convention, as applicable to a going concern, as adopted consistently by the company.

(b) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financials and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment.

(c) BASIS OF CONSOLIDATION

The financial statements are prepared in accordance with principles and procedures for the preparation and presentation of consolidated financial statements as laid down in Accounting Standard 21 & 23 (AS 21 & 23).

(d) FIXED ASSETS & DEPRECIATION

- (i) Fixed assets are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.
- (ii) Depreciation on fixed assets is provided at Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956. Based on technical opinion, plant and machinery have been classified as continuous process plant and depreciation has been provided at 5.28% on the original cost. Assets costing less than Rs.5000/- are fully depreciated.

(e) FOREIGN CURRENCY TRANSACTION

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

(f) INVESTMENTS

Investments are classified into current and long term Investments in line with the revised schedule VI requirement. Current Investments are stated at lower of cost and Fair Value. Long term Investments are valued at Cost. A provision for diminution is made to recognize a decline other than temporary in the value of Investments.

(g) INVENTORIES

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

(h) REVENUE RECOGNITION

- i) All revenues are accounted on accrual basis
- ii) Sales are net of trade discounts and sales tax.

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

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

Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Liability for unavailed leave for Kattur & Sathamangalam plant workmen is actuarially valued and provided for but is not funded.

(j) RESEARCH AND DEVELOPMENT

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

(k) SEGMENT REPORTING

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

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

(l) IMPAIRMENT OF ASSETS

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

(m) PROVISION OF CONTINGENT LIABILITIES

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

(n) EARNINGS PER SHARE

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

(o) TAXES ON INCOME

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

(p) LEASES

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
2	SHARE CAPITAL		
	Authorised		
	13,00,00,000 (P.Y. 13,00,00,000) Equity Shares of Rs.10/- each	13,000.00	13,000.00
	12,00,000 (P.Y. 12,00,000) Redeemable Preference shares of Rs.100/- each	1,200.00	1,200.00
	20,00,000 (P.Y. 20,00,000) Redeemable Preference shares of Rs.10/- each	200.00	200.00
		1,400.00	1,400.00
	Total	14,400.00	14,400.00
	ISSUED SUBSCRIBED AND FULLY PAID-UP		
	Equity Share Capital		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs.10/- each	8,288.86	8,288.86
	{Of the above the holding company holds 5,81,86,610 shares (previous year 5,40,86,610 shares)}		
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entail to one vote per share.		
	Zero Percent Redeemable Preference Share Capital		
	12,00,000 (P.Y.12,00,000) Preference Shares of Rs.100/- each	1,200.00	1,200.00
	Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	578.57	492.85
	A	621.43	707.15
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co.Pvt.Ltd) holds 8,90,000 shares}		
	The redemption is as under:		
	50 % of the face value of preference shares in 28 equal quarterly instalments commencing from 17.9.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.		
	Zero Percent Redeemable Preference Share Capital		
	20,00,000 (P.Y.20,00,000) Preference Shares of Rs.10/- each (held by holding Company Parvathi Trading & Finance Co. Pvt. Ltd.)	200.00	200.00
	Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	96.43	82.15
	B	103.57	117.85
	These will be redeemed as under:		
	50 % of the face value of preference shares in 28 equal quarterly instalments commencing from 17.9.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.		
	A+B	725.00	825.00
	Total	9,013.86	9,113.86

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	(a) Equity Shares	No. of Shares	
	Reconciliation of Number of Shares		
	Shares outstanding as at 31 st March 2013 / 31 st March 2012	8,28,88,580	8,28,88,580
	Shares outstanding as at 31 st March 2014 / 31 st March 2013	8,28,88,580	8,28,88,580
	List of shareholders holding more than 5% of the total number of shares issued by the Company:		
	Parvathi Trading & Finance Co.Pvt.Ltd. (70.20%) (P.Y. 65.25%)	5,81,86,610	5,40,86,610
	(b) Preference Shares		
	Reconciliation of Number of Shares		
	Zero percent Preference shares of Rs.100/-each		
	Shares outstanding as at 31 st March 2013 / 31 st March 2012	12,00,000	12,00,000
	Shares outstanding as at 31 st March 2014 / 31 st March 2013	12,00,000	12,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Industrial Development Bank of India (Nil) (P.Y. 45.83%)	-	550,000
	Parvathi Trading & Finance Co.Pvt.Ltd (Holding Company) (74.17%) (P.Y. 20.83%)	8,90,000	2,50,000
	Federal Bank (16.67%) (P.Y. 16.67%)	2,00,000	2,00,000
	Reconciliation of Number of Shares		
	Zero percent Preference shares of Rs.10/-each		
	Shares outstanding as at 31 st March 2013 / 31 st March 2012	20,00,000	20,00,000
	Shares outstanding as at 31 st March 2014 / 31 st March 2013	20,00,000	20,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Industrial Development Bank of India (Nil) (P.Y. 100%)	-	20,00,000
	Parvathi Trading & Finance Co. Pvt. Ltd (100%) (P.Y. Nil)	20,00,000	-
3	Reserves and Surplus	₹ in lakhs	
	Capital Redemption Reserves		
	Opening Balance	575.00	475.00
	Add: On redemption of Preference Shares	100.00	100.00
	Total	675.00	575.00
	Debenture Redemption Reserve		
	Opening Balance	675.00	600.00
	Add: Transferred from Surplus in Statement of Profit and Loss	75.00	75.00
	Total	750.00	675.00
	Surplus in statement of Profit and Loss		
	Opening Balance	3,556.56	3,038.47
	Add: Profit for the Year	360.21	693.09
	Less:		
	Proposed Dividend	414.44	-
	Dividend Tax on Proposed Dividend	70.43	-
	Transfer to Capital Redemption Reserve	100.00	100.00
	Transfer to Debenture Redemption Reserve	75.00	75.00
	Closing Balance	3,256.89	3,556.56
	Add: Excess provision on investments in Associate	339.25	500.64
	Grand Total	5,021.14	5,307.20

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
4	Long Term borrowings		
	Debentures		
	20,31,018 (P.Y. 20,31,018) Zero Coupon Bonds of Rs.100/- each redeemable at par in equal quarterly installments from 4th (2007-2008) to 10th year (2013-14)	2,031.02	2,031.02
	Less : Amount paid towards redemption in quarterly installments as per AAIFR order dated 17.06.2004.	1,958.48	1,668.34
	Rs.72.54 lacs (Rs. Nil under long term borrowings and Rs.72.54 lacs under current maturities of long term debt) (P.Y. Rs.362.68 lacs) are secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the Company.		
	Of the above, Rs.41.78 lacs (previous year Rs.208.92 lacs) is due to the Holding Company		
	Repayable in 28 equal quarterly installments starting from September 2007. Last installment due in June 2014. Number of installments due 1.		
	Rate of Interest – Nil		
	Total (a)	72.54	362.68
	Transferred to current maturities of long term Debt	72.54	290.14
	Total	-	72.54
	20,31,017 (P.Y.20,31,017) Zero Coupon Bonds of Rs 100/- each redeemable at par at the end of the 25th year (2029-2030)	2,031.02	2,031.02
	Of the above, amount due to the Holding Company Rs.1,533.43 Lacs		
	Secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one installment. Rate of Interest Nil		
	Total (b)	2,031.02	2,031.02
	Total (a+b)	2,031.02	2,103.56
	Debentures/Zero coupon Bonds are secured by the first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamilnadu, except book debts of the company.		
	Term Loans from		
	Banks	4,159.55	1,590.78
	Sugar Development Fund	3,816.52	5,395.75
	Holding Company (Parvathi Trading & Finance Co.Pvt. Ltd.)	821.20	850.52
	Others	623.15	645.41
	Total	9,420.42	8,482.46
	Secured	8,797.27	7,837.05
	Unsecured	623.15	645.41
	Total (c)	9,420.42	8,482.46
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" (Refer Note 9)	1,605.18	1,294.17

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Term Loan from banks

Term Loan from Indian Bank Rs.1,464.28 lacs (P.Y. Rs.1,500 lacs) of which Rs.1,249.96 lacs under long term borrowings and Rs.214.32 lacs under current maturity. Secured by Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 82. Rate of Interest 11.70% p.a. Amount of each installment Rs.17.86 lacs.

Term Loan from Indian Bank 125.28 lacs (P.Y. Rs.148.82 lacs) of which Rs.93.72 lacs under long term borrowings and Rs.31.56 lacs under current maturity. Secured by Exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 48. Rate of Interest 11.45% p.a. Amount of each installment Rs.2.63 lacs.

Interest Free Term Loan from Indian Bank Rs.2,815.87 lacs (P.Y. Rs.Nil) under Scheme for Extending Financial Assistance to Sugar units 2014. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit.

Term Loan Sugar Development Fund

Rs.1,283.10 Lacs (P.Y. Rs.1,283.10 Lacs) of which Rs.1,026.48 lacs under long term borrowings and Rs.2,56.62 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lacs. Balance installments 5.

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

Rs.1,376.19 Lacs (P.Y. Rs.1,720.24 lacs) of which Rs.1,032.14 lacs under long term borrowings and Rs.344.05 under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur Unit, Tamil Nadu except book debts of the Company. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018 Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lacs. Balance installments 8.

Rs.168 lacs (P.Y. Rs. 504 lacs) of which Rs.168 Lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Repayment in 10 half yearly installments starting from March 2010 to September 2014. Balance Installment 1. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.

Rs.336 lacs (P.Y. Rs.672 lacs) of which Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu except book debts of the Company. Repayment in 10 half yearly installments starting from September 2010 to March 2015. Balance Installment 2. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.

Rs.33.11 lacs (P.Y. Rs.66.22 lacs) of which Rs.33.11 lacs under current maturity secured by bank Guarantee. Repayment in 4 equal annual installments from August 2011 to August 2014. Balance installments 1. Rate of Interest – 4 % Amount of each installment Rs.33.11 lacs.

Rs.116.80 lacs (P.Y. 116.80 lacs) of which Rs.87.60 lacs under long term borrowing and Rs.29.20 lacs under current maturity secured by bank Guarantee Repayment in 4 Annual Equal installments starting from April 2014 to April 2017. Balance installments 4. Rate of Interest 4% p.a. Amount of each installment Rs.29.20 lacs.

Rs.272.79 lacs (P.Y. Rs.272.79 lacs) of which Rs.204.59 lacs under long term borrowing and Rs.68.20 lacs under current maturity. Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments 4. Rate of Interest 4% p.a. Amount of each installment Rs.68.20 lacs.

Rs.182.61 lacs (P.Y. Rs.182.61 lacs) Repayment 4 equal annual installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 8 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs.22.83 lacs.

Term Loan From Holding Company

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

Rs.29.33 lacs (P.Y. Rs.146.64 lacs) of which Rs.29.33 lacs under current maturity secured by hypothecation of movable properties including plant and machinery and Inventories situated at Kattur unit, Tamil Nadu Payable in 28 equal quarterly installments Balance Installments 1. Rate of Interest – Nil. Amount of each installment Rs.29.33 lacs.

Term Loan From Others (Unsecured)

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

Rs.22.26 lacs (P.Y. Rs.111.28 lacs) of which Rs.22.26 lacs under current maturity. Repayment in 28 equal quarterly installments. Balance installments 1. Rate of Interest Nil. Amount of final installment Rs.22.26 lacs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
	Other Loans (Secured)		
	Vehicle Loan	-	30.96
	Total (d)	-	30.96
	Total (a+b+c+d)	11,451.44	10,616.98
	Vehicle loan from Kotak Mahindra Prime Ltd. Rs.30.96 lacs (P.Y. Rs.58.87 lacs) of which Rs.30.96 lacs is shown under Current liabilities "Current maturity of vehicle loan". Last repayment due in March 2015. Amount of each installment Rs.2.73 lacs. Balance installments 12. Rate of Interest 10.42% p.a.		
5	Deferred Tax Liability / (Asset)		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	3,170.75	3,065.56
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(68.41)	(192.03)
	Provision for Diminution in value of current investments	(31.75)	(4.50)
	Carry Forward Depreciation loss	(878.02)	(797.72)
	Deferred Tax Liability (Net)	Total 2,192.58	2,071.31
6	Other Long-term Liabilities		
	Trade payables	8.28	192.06
	Interest accrued but not due on Loans	861.91	761.78
	Deferred Sales Tax payable as per AAIFR	-	387.83
	Other payables and Deposits	450.64	454.44
	Total	1,320.82	1,796.11
	Current Liabilities		
7	(A) Short-Term Borrowings - Secured		
	Loans repayable on demand		
	From banks*	400.83	4,356.29
	Total (a)	400.83	4,356.29
	*Cash Credit from Indian Bank for Rs.400.83 Lacs (P.Y. Rs.4,356.29 Lacs) is secured by exclusive first charge on land, Buildings and Plant and Machinery and all the movable properties (present and future) of the sathamangalam sugar and cogeneration Unit		
	(B) Short-Term Borrowings - Unsecured		
	Loans repayable on demand		
	From Parasakthi Trading Co.Pvt.Ltd	-	1,500.00
	Total (b)	-	1,500.00
	Total (a+b)	400.83	5,856.29

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
8	Trade Payables	4,864.13	2,077.18
	Total	4,864.13	2,077.18
	The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Act 2006. The disclosures relating to amounts unpaid as at the year end together with interest payable / paid under this act could not be given.		
9	Other Current Liabilities		
	Current maturity of long term debt	1,605.18	1,294.17
	Current maturity of Deferred Sales Tax payable as per AAIFR	210.84	204.05
	Current maturity of Interest accrued but not due on borrowings	10.28	12.77
	Current maturity of vehicle loan	30.96	27.89
	Statutory Remittances	229.71	242.68
	Dividend payable	414.44	-
	Dividend distribution tax payable	70.43	-
	Gratuity	-	31.27
	Advances from related parties	127.00	-
	Advances from Customers	1,049.61	28.47
	Others	678.59	930.77
	Total	4,427.04	2,772.07
10	Short- term Provisions		
	Provision for employee benefits		
	Compensated absences	25.44	27.37
	Superannuation	3.04	2.96
	Bonus & Exgratia	28.91	26.69
	Total	57.40	57.02

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

11. Fixed Assets

(₹ in lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Disposals	As at 31.03.2014	As at 01.04.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
(i) Tangible Assets										
Land	364.34	-	-	364.34	-	-	-	-	364.34	364.34
Buildings	4,064.80	363.39	-	4,428.19	1,139.27	112.63	-	1,251.90	3,176.28	2,925.52
Plant and Equipment	33,438.76	429.60	-	33,868.36	14,586.02	1,430.52	-	16,016.54	17,851.82	18,852.73
Furniture and Fixtures	246.24	1.47	-	247.71	149.25	11.42	-	160.67	87.04	96.99
Vehicles	492.90	44.53	10.07	527.36	74.15	50.13	5.87	118.41	408.95	418.75
Total	38,607.03	838.99	10.07	39,435.95	15,948.69	1,604.70	5.87	17,547.52	21,888.43	22,658.33
Previous year	32,501.52	6,105.51	-	38,607.03	14,264.83	1,683.87	-	15,948.70	22,658.33	18,236.69
(ii) Intangible assets										
Computer Software	33.98	-	-	33.98	22.64	4.92	-	27.56	6.42	11.34
Total	33.98	-	-	33.98	22.64	4.92	-	27.56	6.42	11.34
Previous year	33.98	-	-	33.98	17.30	5.34	-	22.64	11.34	16.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
12	Non-Current Investments		
	Non-Trading Investments	1,211.20	1,211.20
	Investments in Equity instruments	1,211.15	1,211.15
	Investments Others	0.05	0.05
	Total	1,211.20	1,211.20
13	Long Term Loans and Advances (Unsecured, considered good)		
	Capital Advances		
	Unsecured, considered good	-	4.39
	Security deposits		
	Related Parties (Unsecured, considered good)	-	13.87
	Others (Unsecured, considered good)	306.33	69.04
	Loans and advances to related parties		
	Doubtful	21.22	21.22
	Others	10.00	-
		337.55	108.52
	Less: Provision for doubtful loans and advances	21.22	21.15
	Total (a)	316.33	87.37
	Other loans and advances - Income Tax refund receivable net of provision for Tax	554.33	532.21
	Loans and advances - Others	0.44	0.40
	Total (b)	554.77	532.61
	Total (a+b)	871.10	619.98
14	Other Non-Current Assets		
	Advance to Suppliers	0.93	53.55
	Application money for Investments in Bonds	-	400.00
	Others	8.61	5.41
	Total	9.54	458.96
15	CURRENT ASSETS		
	Current Investments		
	Investments in Equity instruments	112.08	172.25
	Investments in Mutual funds	560.40	769.20
	Investments in Bonds/Debentures	979.83	-
	Less : Provision for Diminution [Refer Note no 15 (b)]	97.86	132.31
	Refer note 1 (f) for method of valuation		
	Total	1,554.46	809.14
16	Inventories		
	Raw materials and packing materials	218.56	241.89
	Work in progress	438.22	274.88
	Finished goods	8,845.53	8,546.79
	Raw Sugar (Bought out)	17.18	-
	Stores and spares	720.33	710.00
	Refer note 1 (g) for method of valuation		
	Total	10,239.82	9,773.56

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
17	Trade Receivables		
	(Unsecured, Considered good)		
	For a period exceeding six months	82.41	418.25
	Others	1,242.35	1,254.34
	Total	1,324.76	1,672.59
18	Cash and Cash Equivalents		
	Cash on Hand	0.83	1.57
	Balances with Bank - In current accounts	87.05	841.65
	Fixed Deposit with Banks	88.04	389.22
	Total (a)	175.92	1,232.44
	Other Bank Balances		
	Balances with Bank-Under Lien	0.49	13.71
	Balances held as margin money or security against borrowings, guarantees and other commitments	143.23	133.33
	Total (b)	143.72	147.04
	Total (a+b)	319.64	1,379.48
19	Short Term Loans And Advances		
	(Unsecured and considered good)		
	Balances with government authorities		
	CENVAT credit receivable	214.07	255.94
	Service Tax credit receivable	10.11	5.78
	Others	3.17	11.84
	Prepaid Expenses	117.69	146.09
	Other loans and advances	130.02	307.84
	Loans and advances to related parties	-	-
	Total	475.06	727.49
20	Other Current Assets		
	Drawback entitlement	-	1.27
	Other Receivables	198.15	195.08
	Advance to Suppliers	100.94	83.43
	Total	299.09	279.78
21	Revenue from Operations		
	Sale of products		
	Sugar	23,190.56	35,890.47
	Industrial Alcohol	6,217.80	5,752.18
	Electric Power	1,469.27	2,412.00
	Bagasse	1,822.36	302.94
	Others	349.94	-
	Other Operating revenues	92.25	42.29
	Total	33,142.18	44,399.88

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
22	Other Income		
	Interest Income		
	- From Bank Deposits	76.49	67.24
	- Others	4.34	4.98
	Dividend Income from Current Investments		
	- Others	61.14	53.15
	Dividend Income from Associate & others	90.26	60.17
	Net gain on sale of current investments	14.59	69.43
	Other Non-Operating Income		
	- Other Miscellaneous income	255.46	295.68
	- Exchange gain (Forex)	-	23.30
	- Accretion in value of investments	34.45	-
	- Bad debts recovered	-	50.00
	- Commission	172.43	-
	- Liability no longer required written back	187.29	180.26
	Total	896.46	804.21
	EXPENSES		
23	Cost of Materials Consumed		
	Raw Material		
	Sugarcane	21,863.47	31,490.19
	Coal	1,084.16	18.09
	Others	1,283.13	432.13
	Chemical and Others	389.71	613.51
	Packing	529.67	744.62
	Total	25,150.13	33,298.54
24	Changes in Inventories of Finished Goods, Work-in-progress		
	Opening Stock		
	Finished Goods		
	Sugar	8,069.25	7,520.51
	Molasses	219.78	439.34
	Industrial Alcohol	257.75	40.35
	Work in progress	-	-
	Sugar	263.58	341.05
	Molasses	11.30	13.34
	Total	8821.66	8,354.59
	Closing Stock		
	Finished Goods		
	Sugar	8,304.50	8,069.25
	Molasses	187.77	219.78
	Industrial Alcohol	353.25	257.75
	Work in progress	-	-
	Sugar	424.32	263.58
	Molasses	13.90	11.30
	Total	9,283.75	8,821.66
	(Increase) / Decrease over the previous year	(462.09)	(467.07)
	Excise duty adjustment for movement in Finished goods inventory	(76.21)	(30.98)
	Net change (Increase) / Decrease	(538.30)	(498.05)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
25	Employee Benefits Expense		
	Salaries and Wages	1,523.41	1,447.00
	Contribution to Provident and Other Funds	112.32	135.20
	Staff Welfare Expenses	76.83	160.87
	Total	1,712.55	1,743.07
26	Finance Cost		
	Interest Expense	941.33	528.74
	Other Borrowing Costs	54.70	56.92
	Total	996.02	585.66
27	Depreciation and amortization expense	1,609.62	1,689.21
28	Other Expenses		
	Consumption of stores and spare parts	814.49	1,297.41
	Power and Fuel	526.92	564.08
	Rent	46.45	64.95
	Repairs-Buildings	115.93	120.75
	Repairs to Machinery	371.84	501.40
	Repairs to Others	99.66	99.86
	Biocompost	82.65	79.71
	Insurance	87.24	79.03
	Rates and Taxes	141.80	166.56
	Excise duty expunged	378.87	631.92
	Freight & Clearing Expenses	582.09	422.18
	Directors Sitting fees	2.17	2.06
	Auditor's Remuneration		
	- Statutory Audit	3.67	2.92
	- Limited Review Audit	1.20	1.20
	Travelling Expenses	45.39	190.73
	Research and Development	2.23	2.30
	Conveyance	8.47	22.97
	Professional Fees	73.72	148.54
	Commission	23.08	33.34
	Loss on Sale of Assets	1.65	-
	Rebates & Discounts	-	0.10
	Administration Expenses	458.41	776.98
	Bad Debts	14.64	263.86
	Diminution in value of current Investments	-	13.87
	Miscellaneous Expenses	16.37	31.36
	Total	3,898.94	5,518.08

29. Information on Consolidated Financial Statements of Kothari Sugars & Chemicals Limited (KSCL) and its subsidiaries and associate as per AS 21 and AS 23
List of subsidiaries and associate included in the Consolidated Financial Statements.

Name of the Company Direct Holding	Country of Incorporation	Share in ownership and voting power	Relationship
Kothari International Trading Limited (KITL)	India	99.99%	Subsidiary
Kothari Petrochemicals Limited (KPL)	India	20.42%	Associate

Consolidation is done based on the audited financials of the subsidiary, KITL as on 31-03-2014 & KPL (Associate) as on 31-03-2014.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**30. Employee Benefits:**

The following table sets forth the status of the un availed earned leave and Gratuity plan of the Company and the amounts recognized in the Balance sheet and Profit and Loss Account:

(i) Earned Leave

₹ in lakhs

Net Liability Recognized	2013-14	2012-13
Present Value of Obligation	6.84	5.30
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized	(6.84)	(5.30)

Principal Actuarial Assumptions		
Interest rate (Liabilities)	8.00%	8.00%
Return on assets	Does not arise	Does not arise
Mortality table	Indian Assured Lives (2006 – 08)	Indian Assured Lives (2006 – 08)
Resignation rate per annum	1%	1%
Salary escalation rate	6%	6%

(ii) Gratuity

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

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

₹ in lakhs

Particulars	2013-14	2012-13
Projected benefit obligation at the beginning of the period	323.31	273.05
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Actuarial loss / (gain)	(56.49)	12.60
Benefits paid	(39.01)	(18.64)
Projected benefit obligation at the end of the period	301.32	323.31
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	301.33	323.31
Fair value of plan assets at end of the period	312.28	285.10
Liability recognized in the balance sheet	(10.95)	38.21
Cost for the period		
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Expected return on plan assets	(24.76)	(18.71)
Net actuarial (gain)/loss recognized in the period	(59.70)	1.73
Total	(10.95)	39.32
Less: Share of contribution from Associate Company	3.61	(6.94)
Net Cost recognized in Statement of Profit & Loss	(7.34)	32.38

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

31. Contingent Liabilities: -

Parent Company

- i) Excise duty demands under appeal Rs.662.70 Lakhs (Previous year Rs.614.46 Lakhs)
- ii) Estimated amount of contracts remaining to be executed on capital account is Rs.1.87 Lakhs (Previous year Rs.215.79 lakhs)
- iii) Urban Land Tax under appeal Rs.42.33 Lakhs (Previous year Rs.40.28 Lakhs)
- iv) Customs Duty under appeal Rs.73.39 Lakhs (Previous year Rs.73.39 Lakhs)
- v) Electricity Generation Tax Rs.1,191.31 Lakhs (Previous year Rs.1,086 Lakhs)
- vi) Electricity Tariff revision Rs.284.11 Lakhs (Previous year Rs. Nil)

32. A sum of Rs.556.88 lakhs was paid to DRAT, Mumbai during the previous year (2010-11) for discharging its liability towards the Corporate Guarantee given to Oman International Bank against the decree obtained by them in Debt Recovery Appellate Tribunal, Mumbai against the Subsidiary Company (i.e.Kothari International Trading Limited) for settlement of their loan dues. This sum was charged to the Profit and Loss account of the Parent Company (i.e. Kothari Sugars and Chemicals Limited). Of the said sum of Rs.556.88 lakhs the Subsidiary Company paid a sum of Rs.209.18 lakhs during the year 2013-14, Rs.261.70 during the year 2012-13 and Rs.49 lakhs during 2011-12 lakhs to the parent Company which was treated as other miscellaneous income.

Consequently, in the consolidated financial statements the impact of the adjustment in the Parent Company has been given effect in the subsidiary also to enable elimination of inter Company transactions in consolidation.

33. Notes Relating to Segment

i) Business Segments

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

Sugar, Power generation and Distillery.

Sugar segment comprises of sugar and molasses, Power segment comprise generation of power from bagasse and coal and Distillery segment comprises of rectified spirit and denatured spirit.

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

ii) Geographical Segments

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

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

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

Refer Separate workings on Segment Results - Annexure - I at Page No. 66

34. Related Party Disclosures:

Refer Separate workings on Related Party Transactions – Annexure – II at Page No. 67

35. Earnings per Share:

Particulars	2013-14	2012-13
Net Profit after Tax excluding Exceptional Item (Rs.in lakhs)	360.21	693.09
No. of Equity Shares of Rs. 10/- each	8,28,88,580	8,28,88,580
Earning per Share (Basic & Diluted) (Rs.)	0.44	0.84

36. Rental Income

A sum of Rs.25.83 lakhs (Previous Year Rs.23.98 lakhs) has been considered as rental Income from property.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**37. Operating Lease**

- a) A sum of Rs.46.45 lakhs (Previous Year Rs. 64.96 lakhs) has been debited to rent account, being the rent paid on premises which has been taken on operating lease.
- b) Maximum Lease payments in respect of vehicle purchased under hire purchase is as under:

₹ in lakhs

Particulars	31.03.14	31.03.13
Less than one year	30.96	32.73
Between 1 year and less than 5 year	Nil	32.73
Total	30.96	65.46

38. Foreign Exchange earnings and outgo

₹ in lakhs

Particulars	2013-14	2012-13
(i) Total Foreign Exchange earned	Nil	1331.24
(ii) Total Foreign Exchange outflow	Nil	25.44

39. CIF value of Imports

₹ in lakhs

S.No.	Particulars	2013-14	2012-13
(i)	Stores and Spares	2.02	Nil

40. The brief summary of the results of Subsidiary consolidated with Parent

₹ in lakhs

Details of Subsidiary Company	Kothari International Trading Ltd.	
Financial Year	2013-14	2012-13
Share Capital	100.00	100.00
Reserves & Surplus	(185.99)	(315.27)
Total Liabilities	90.41	166.76
Total Assets	90.41	166.76
Total Income	175.67	276.80
Profit Before Tax	161.65	115.78
Provision for Tax	32.37	23.17
Profit After Tax	129.28	92.62
Kothari Petrochemicals Ltd	1.55	1.55
Rs.10/- each fully paid (Nos.)	15,500	15,500
Total Liabilities = Loan Funds + Current Liabilities	-	-

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

For and on behalf of the Board

for R.Subramanian and Company
Chartered Accountants
Firm No. 004137S

B.H. Kothari
Chairman and Managing Director

P.S.Gopalakrishnan
Director

M.Rajasekar
Partner
M.No.228637

Place : Chennai
Date : May 27, 2014

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

Annexure I - Segment Information - Consolidated (Note - 33)

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

These are:

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

₹ in lakhs

Particulars	Sugar		Power		Distillery		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Segment revenues	25,683.26	39,437.67	5,059.47	4,982.75	6,482.26	6,006.93	37,224.99	50,427.35
Segment results	(2,220.74)	451.49	(582.07)	(853.75)	3,318.04	3,192.39	515.23	2,790.13
Segment assets	20,052.64	21,254.49	6,612.01	7,285.07	6,675.34	5,814.48	33,339.99	34,354.04
Segment Liabilities	22,273.38	20,803.00	7,194.08	8,138.82	3,357.30	2,622.08	32,824.76	31,563.91
Capital Expenditure	214.82	5,884.45	34.37	92.56	579.01	16.62	828.20	5,993.63
Depreciation	682.21	748.40	683.32	678.10	216.10	226.86	1,581.62	1,653.36

₹ in lakhs

Reconciliation of reportable segments with the financial statements:												
Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Total Reportable Segment	37,224.99	50,427.35	515.23	2,790.13	33,339.99	34,354.04	32,824.76	31,563.91	828.20	5,993.63	1,581.62	1,653.36
Corporate-Unallocated	-	-	(495.97)	(2,171.23)	5,472.28	6,142.68	5,741.16	8,071.50	10.78	111.88	28.00	35.85
Inter Segement	(4,849.53)	(7,125.66)	-	-	-	-	-	-	-	-	-	-
Other revenues	688.98	527.42	-	-	-	-	-	-	-	-	-	-
Interest (Corporate)	-	-	(5.10)	(7.30)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	232.18	249.71	-	-	-	-	-	-	-	-
Others (Subsidiary)	175.67	276.80	113.86	(168.23)	1,215.49	1,301.95	1,263.02	1,470.18	-	-	-	-
	33,240.10	44,105.91	360.21	693.09	40,027.76	41,798.67	39,828.94	41,105.59	838.99	6,105.51	1,609.62	1,689.21

₹ in lakhs

b) Secondary Segment Information

Particulars	2013-14		2012-13	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	37,224.99	-	49,102.67	1,324.68
2. Carrying amount of Segment Assets	33,339.99	-	34,354.04	-
3. Additions to Fixed / Intangible Assets	838.99	-	6,105.51	-

Annexure - II - Related Party Disclosures - Consolidated (Note - 34)**Related party disclosures - As identified by the Management and relied upon by the Auditors**

- (i) Parties with Significant influence
(Direct and Indirect)

Holding Company

Associate

Associate

Associate

Associate

Associate

Associate

Associate

Wholly owned Subsidiary

Chairman & Managing Director

Parvathi Trading & Finance Co.Pvt. Ltd.

Parasakthi Trading Co.Pvt. Ltd.

Spellbound Trading Pvt. Ltd

Kothari Petrochemicals Ltd.

Century Foods Pvt. Ltd.

Santoor Commercials Pvt. Ltd

Kothari Safe Deposits Ltd.

Kothari Biotech Ltd.

Kothari International Trading Ltd.

Mr.B H Kothari

- (ii) Key Management Personnel

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)																			
	Parvathi Trading & Finance Co. Pvt. Ltd.		Parasakthi Trading Co. Pvt. Ltd.		Spellbound Trading Pvt. Ltd.		Kothari Petrochemicals Ltd.		Century Foods Pvt. Ltd.		Santoor Commercials Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Ltd.		Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rent	-	-	-	-	-	-	-	-	23.61	28.72	12.25	-	7.85	18.69	-	-	-	-	-	-
Electricity charges	-	-	-	-	-	-	3.99	-	2.87	2.82	-	-	1.17	1.29	-	-	-	-	-	-
Travel and other reimbursements	-	-	-	-	-	-	52.23	12.12	-	-	-	-	3.98	6.48	-	-	-	0.01	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	151.80	-	-	-	-	-	-	-	-	-	209.18	261.70	-	-
Rates & Taxes - Reimbursed	-	-	-	-	-	-	-	-	-	-	-	-	-	3.41	-	-	-	-	-	-
Advance received	-	-	-	-	-	-	127.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14	1.78	-	-	-	-
Advance for purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-	-	-	-
Remuneration to CMD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53.76	53.76
Commission to CMD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47.15
Interest	-	-	138.44	-	89.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan-Borrowing	-	-	(500.00)	(1,500.00)	(1,800.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repayment	284.45	-	2,000.00	-	1,800.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances																				
Loans and Advances	-	-	-	-	-	-	(127.00)	-	-	-	-	-	-	-	31.22	21.22	55.51	55.51	-	-
Term Loans	(850.52)	(967.84)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,575.22)	(1,742.35)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan	-	-	-	(1,500.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Deposit	-	-	-	-	-	-	-	-	-	-	-	-	13.87	-	-	-	-	-	-	-
Investment in Share Capital	-	-	-	-	-	-	1,201.90	1,201.90	-	-	-	-	-	-	-	-	99.99	99.99	-	-

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



Honorable President of India Shri Pranab Mukherjee and Honorable Minister of State for Power, Government of India Shri Jyotiraditya M. Scindia, presenting the First Prize of National Energy Conservation Award 2013 to Kothari Sugars and Chemicals Limited. The award was received by Mr.M.Silvester Goldwin, President - Operations on behalf of M/s Kothari Sugars and Chemicals Limited, Sathamangalam Unit. This is second award for Energy Conservation in last five years.

If undelivered, please return to:

KOTHARI SUGARS AND CHEMICALS LIMITED

Regd. Office. "Kothari Buildings"

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



KOTHARI SUGARS AND CHEMICALS LTD.,
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

NOTICE to the Members

Notice is hereby given that the 53rd Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Wednesday, 3rd September 2014 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business

1. To consider and adopt:
 - a) the audited financial statement of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors and
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014.
2. To declare dividend on equity shares for the year ended March 31, 2014.
3. To appoint a Director in the place of Mr.B.H.Kothari, who retires by rotation and being eligible offers himself for re-appointment.
4. **Appointment of Auditors**

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

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

Special Business:

5. Appointment of Mrs.Nina Bhadrashyam Kothari as Director

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

"Resolved that Mrs.Nina Bhadrashyam Kothari (holding DIN 00020119), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 27, 2014, with effect from May 27, 2014 in terms of Article 100 of the Company and Section 161 of the Companies Act, 2013 who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation."

6. Appointment of Mr.P.S.Gopalakrishnan as Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.S.Gopalakrishnan (holding DIN 00001446), Director of the Company whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto March 31, 2019 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director".

7. Appointment of Mr.V.R.Deenadayalu as Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.V.R.Deenadayalu (holding DIN 00020898), Director of the Company whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto March 31, 2019 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director".

8. Appointment of Mr.P.S.Balasubramaniam as Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.S.Balasubramaniam (holding DIN 00019843), Director of the Company whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto March 31, 2019 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director".

9. Consent under Section 180(1)(c) of the Companies Act, 2013 for a borrowings

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

"Resolved that in supersession of the Ordinary Resolution passed at the 33rd Annual General Meeting held on 21st July 1994 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include a duly constituted committee thereof) to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total borrowings and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.350 Crores (Rupees Three Hundred and Fifty Crores only) over and above the aggregate of the paid up share capital and free reserves of the Company."

10. Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc.,

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

"Resolved that in supersession of the Ordinary Resolution passed at the 42nd Annual General Meeting held on 24th September 2006 and pursuant to Section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 the consent of the members of the company be and is hereby accorded to the Board of Directors of the company (hereinafter referred to as the "Board" which term shall be deemed to include a duly constituted committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such movable and immovable properties, both present and future, and in such manner as may the Board may deem fit, together with the power to take over the management and concern of the company in certain events, in favour of Banks / Financial Institutions and / or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowings from time to time provided that the aggregate of borrowings so secured shall not exceed Rs.350 Crores (Rupees Three Hundred and Fifty Crores only) in addition to paid up share capital and free reserves, outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the company in respect of such borrowings.

"Resolved further that for the purpose of giving effect to the above Resolution, the Board / Committee be and is hereby authorised and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid".

11. Approval of Remuneration to Cost Auditor

To consider and if thought fit, to pass with or without modifications the following resolution as Ordinary Resolution:

"Resolved that subject to the provisions of Section 148 and Companies (Audit & Auditors) Rules, 2014 of the Companies Act, 2013 approval is hereby given for the payment of a remuneration of Rs.1,00,000/- (Rupees One Lakh Only) plus applicable service taxes and re-imbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Accountant and as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2014-2015 as duly reviewed, recommended and approved by the Audit Committee and the Board of Directors at the meeting on 27th May, 2014.

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

Place: Chennai
Date: May 27, 2014

R Prakash
Company Secretary

Important Notes

- The Register of Members and Share Transfer books will remain closed from Thursday, the 28th August, 2014 to Wednesday, 03 September, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for the year 2013-14.
- With effect from April 01, 2014, inter-alia, provisions of Section 149 of the Companies Act, 2013 has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Therefore, the directors to retire by rotation have been re-ascertained on the date of this notice. Accordingly, Mr.B.H.Kothari, Managing Director will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. In terms of Clause 49 of the Listing Agreement, details of director retiring by rotation at the ensuing Annual General Meeting is given in the annexure to the notice.
- 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.
- 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, SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. 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.
- The instrument of Proxy in order to be effective, 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. A Proxy form is sent herewith. The Proxy shall not be entitled to vote except on a poll.
- 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.
- **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.**
- The Dividend would be paid at a rate (5%) of Re.0.50 paise (Fifty paise only) per Equity Shares of Rs.10/- each before 2nd October, 2014 to those shareholders whose names stand on the Register of Members on 27th August, 2014. Despatch of Dividend warrants would commence on 30th September, 2014 and the ECS credit would be done by 01st October 2014.
- Members holding shares in Dematerialized form are requested to intimate all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.
- The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.
- 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.
- Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting is appended below.
- Electronic copy of the Notice and Annual Report of the 53rd 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 53rd 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 in the permitted mode.

- Members may also note that the Notice of the 53rd Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.hckotharigroup.com/kscl for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same on free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secdept@hckgroup.com.

Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to provide members facility to exercise their right to vote at the 53rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

The instructions for members for voting electronically are as under:

A) In case of members receiving e-mail:

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

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

Then enter the Captcha Code as displayed and Click and Login

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

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

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

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

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

- vii) After entering these details appropriately, click on "SUBMIT" tab.

viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

x) 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.

xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xii) 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.

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

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

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

General

(C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorize to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution/Authorization to the email id of scrutinizer (kscl.scrutinizer@gmail.com) and RTA (murali@cameoindia.com) with a copy marked to helpdesk.evoting@cdslindia.com.

(D) The voting period commences on Tuesday, 26th August, 2014 at 9.00 A.M. and ends on Thursday, 28th August, 2014 at 6.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date of i.e. Friday, 1st August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(E) The voting rights of shareholder shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of i.e. Friday, 1st August, 2014.

(F) Mr.N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(G) 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 under help section or write an email to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333

(H) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(I) The result of voting shall be declared on or after AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.hckotharigroup.com/kscl and website of CDSL <http://www.evotingindia.com> within two (2) days of passing of the Resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Limited, Mumbai where the Company shares are listed.

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

Item No.5

The Board of Directors at its meeting held on May 27, 2014 appointed Mrs.Nina Bhadrashyam Kothari as an Additional Director of the company to hold office from May 27, 2014. Mrs.Nina Bhadrashyam Kothari holds office upto the date of this Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mrs.Nina Bhadrashyam Kothari as a candidate for the office of Director of the Company.

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended clause 49 of the Listing Agreement, the Company should have atleast one Woman Director. Keeping in view of the statutory requirement, the Board of Directors recommends the Resolution in relation to appointment of Mrs.Nina Bhadrashyam Kothari as a Director, for the approval by the Shareholders of the Company.

Except Mrs.Nina Bhadrashyam Kothari, being the appointee and Mr.B.H.Kothari, none of the 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 Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.6

Mr. P.S.Gopalakrishnan is a Director whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. P.S.Gopalakrishnan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years upto 31st March, 2019. A notice has been received from a member proposing Mr. P.S.Gopalakrishnan as a candidate for the office of Director of the Company.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. P.S.Gopalakrishnan as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr. P.S.Gopalakrishnan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. P.S.Gopalakrishnan, being the appointee, none of the 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.6. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.7

Mr.V.R.Deenadayalu is a Director whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr.V.R.Deenadayalu being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years upto 31st March, 2019. A notice has been received from a member proposing Mr.V.R.Deenadayalu as a candidate for the office of Director of the Company.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.V.R.Deenadayalu as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr.V.R.Deenadayalu as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.V.R.Deenadayalu, being the appointee, none of the 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.7. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.8

Mr.P.S.Balasubramaniam is a Director whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr.P.S.Balasubramaniam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years upto 31st March, 2019. A notice has been received from a member proposing Mr.P.S.Balasubramaniam as a candidate for the office of Director of the Company.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.P.S.Balasubramaniam as an Independent Director. Accordingly, the Board recommends the Resolution in relation to appointment of Mr.P.S.Balasubramaniam as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.P.S.Balasubramaniam, being the appointee, none of the 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.8. The disclosure under Clause 49 of the Listing agreement with the Stock Exchange is annexed to the Notice.

Item No.9

The members of the Company at their 33rd Annual General Meeting held on 21st July 1994 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.300 Crores (Rupees Three Hundred Crores only).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.9 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.350 Crores (Rupees Three Hundred and Fifty Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the 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.9.

Item No.10

The Members of the Company at their 45th Annual General Meeting held on 19th day of September 2006 approved by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 to borrow for its financial requirements upto Rs.300 Crores. For financing the various capital expenditure the company approached / proposes to approach various Banks, financial institutions, lending agencies which necessitates creation of charge / mortgage / hypothecation of the assets of the company both movable and immovable, whether present or future, wherever situated or on such other security as may be agreed to by the Company.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that creation of charges / mortgages / hypothecation requires the approval of the shareholders of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No.10 of the Notice, to enable the Board of Directors to create charges / mortgages / hypothecation upto Rs.350 Crores (Rupees Three Hundred and Fifty Crores only) in addition to paid up share capital and free reserves.

None of the 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.10.

Item No.11

The Audit Committee and the Board of Directors of the Company at the meeting held on 27th May, 2014 appointed Mr.K.Suryanarayanan, Cost Accountant and as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2014-2015 subject to the approval of the Central Government.

As per the provisions of Section 148 and Companies (Audit & Auditors) Rules, 2014 of the Companies Act, 2013 the members of the Company should approve / ratify the remuneration of Rs.1,00,000/- (Rupees One Lakh Only) plus applicable service taxes and re-imbursement of out of pocket expenses which has been duly approved by the Board and Directors after considering the recommendation made by the Audit Committee of the Company at the meeting held on 27th May, 2014.

It is, therefore, necessary for the members to approve / ratify the remuneration to Mr.K.Suryanarayanan, Cost Accountant and as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2014-2015.

None of the 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.11.

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

Place: Chennai
Date: May 27, 2014

R Prakash
Company Secretary

THE INFORMATION IN RESPECT OF ITEM NO.3, 5, 6, 7 & 8 IN ACCORDANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT FOR CORPORATE GOVERNANCE ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.3	Item No.5
Name of the Director	Mr.B.H.Kothari	Mrs.Nina Bhadrashyam Kothari
Date of Birth	11.11.1961	21.07.1962
Date of Appointment	01.07.1982	27.05.2014
Qualification	B.Com	B A (Economics)
Experience in specific functional areas	He is the Chairman of H.C.Kothari Group of Companies. He has more than 32 years of experience in administration and Management in the Sugar, Petrochemical and Financial Service Industries. He is presently the Invitee Member (Committee) Federation of Indian Chamber of Commerce & Industry, Governing Council Member - Central Institute of Plastics & Engineering Technology and Honorary Consul for Austria in Chennai. He has also served as Chairman of South Indian Sugar mills Association (Main) and is currently a member of the same. He is also the Member and Board of Governors for Institute of Financial Management & Research.	She is holding directorship in various 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 and During 2006-07 she was the President of International Womens' Association (IWA) She contributes more in the areas for the upliftment of women in India.
List of other Public Companies in which Directorship held	Kothari Petrochemicals Ltd. Kothari Safe Deposits Ltd. Gayathri Securities Ltd	NIL
Chairman/ Member of the Committee of the Board of Director of the Company	Chairman - Investment and Credit Approval Committee Member - Stakeholders Relationship Committee.	NIL
Chairman/ Member of the Committee of the other companies in which he is a Director	Kothari Petrochemicals Limited Chairman - Investment and Credit Approval Committee, Member - Stakeholders Relationship Committee. Kothari Safe Deposits Limited Chairman - Share Transfer cum Shareholders Grievances Committee	NIL
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2014	No. of Equity Shares held - 1,72,961	No. of Equity Shares held - 10,537

Particulars	Item No.6	Item No.7
Name of the Director	Mr.P.S.Gopalakrishnan	Mr.V.R.Deenadayalu
Date of Birth	23.08.1935	23.08.1932
Date of Appointment	12.06.1995	27.04.2009
Qualification	B.Com, LLB	B.E. Mechanical Engineering
Experience in specific functional areas	<p>He has wide experience in the Banking Industry. He was formerly the Chairman of leading Financial Institutions such as</p> <ol style="list-style-type: none"> 1) The Industrial Finance Corporation of India. 2) The Tourism Finance Corporation of India. 3) Indian Overseas Bank and 4) Oriental Bank of Commerce <p>He was an Executive Trustee of Unit Trust of India.</p>	<p>He was the Chief Executive of BHEL, Trichy for over 8 years and was the Chairman & Managing Director of Madras Refineries Limited. He was the recipient of Sir Jahangir Gandhi medal for Industrial peace instituted by XLRI, Jamshedpur. He was the Chairman of Bharathidasan Institute of Management, Trichy and a member of the Board of Governors, of XIME-Bangalore, Institute of Energy- Trichy and Xavier Institute of Management, Bhubaneshwar</p>
List of other Companies in which Directorship held	<ol style="list-style-type: none"> 1) Dharani Sugars & Chemicals Ltd. 2) Shriram General Insurance Co. Ltd. 3) Sakthi Finance Ltd. 	Nil
Chairman/ Member of the Committee of the Board of Director of the Company	Chairman of 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Stakeholders Relationship Committee & Member of Investment and Credit Approval Committee	Member of - <ol style="list-style-type: none"> 1) Audit Committee 2) Nomination and Remuneration Committee
Chairman/ Member of the Committee of the other companies in which he is a Director	<p>Dharani Sugars & Chemicals Limited - Member of Audit Committee & Management and Remuneration Committee.</p> <p>Shriram General Insurance Co. Ltd. – Chairman of Investment Committee.</p>	Nil
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2014	Nil	Nil

Particulars	Item No.8
Name of the Director	Mr.P.S.Balasubramaniam
Date of Birth	July 12, 1944
Date of Appointment	November 08, 2013
Qualification	Graduate in Commerce (B.Com.), Member of Institute of Chartered Accounts of India (A.C.A.), Member of Institute of Company Secretaries of India (A.C.S.)
Experience in specific functional areas	He has over 47 years of experience at Middle and Senior Management levels in the Financial Services sector. He was the Managing Director of Investment Trust of India Ltd., President of Federation of Indian Hire Purchase Association, Chairman of Equipment Leasing Association of India and Vice President of Asian Leasing Association, representing India."
List of other Companies in which Directorship held	1) Kothari Safe Deposits Limited, 2) Mahaveer Finance India Limited, 3) Kothari Biotech Limited, 4) Kothari International Trading Limited, 5) Finance Companies Association (India), 6) HCK Capital Services Pvt. Limited, 7) Equitas Finance (Private) Limited
Chairman/ Member of the Committee of the Board of Director of the Company	Member of - 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee, 4) Investment & Credit Approval Committee.
Chairman/ Member of the Committee of the other companies in which he is a Director	Mahaveer Finance India Ltd. - Member of Audit Committee Equitas Finance (Private) Ltd. - Member of – 1) Audit and Risk Management Committee, 2) Resourcing Committee, 3) Assets Performance and Monitoring Committee Kothari Safe Deposits Ltd. - Member of 1) Audit Committee, 2) Nomination & Remuneration Committee, 3) Investment Committee, 4) Share Transfer & Shareholders Grievances Committee.
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2014	No. of Equity Shares held - 505 Equity Shares

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s.Cameo Corporate Services Limited, whose address is given elsewhere in this Annual Report.

PROXY FORM

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

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

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

I/We, being the member(s) of shares, hereby appoint

- Name Address
Email-Id..... Signature..... or failing him
- Name Address
Email-Id..... Signature..... or failing him
- Name Address
Email-Id..... Signature..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53rd Annual General Meeting of the company, to be held on Wednesday the 3rd day of September, 2014 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statement		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Mr.B.H.Kothari who retires by rotation		
4.	Appointment of Auditors		
Special Business			
5.	Appointment of Mrs.Nina Bhadrashyam Kothari as Director		
6.	Appointment of Mr.P.S.Gopalakrishnan as Independent Director		
7.	Appointment of Mr.V.R.Deenadayalu as Independent Director		
8.	Appointment of Mr.P.S.Balasubramaniam as Independent Director		
9.	Consent under Section 180(1)(c) of the Companies Act, 2013 for a borrowings		
10.	Consent under Section 180(1)(a) of the Companies Act, 2013, to create charges, mortgages etc.,		
11.	Approval of Remuneration to Cost Auditor		

Signed this day of 20.....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Signature of shareholder:

Affix
₹1
Revenue
Stamp

Notes:

- 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.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

ATTENDANCE SLIP

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

- I hereby record my presence at the 53rd Annual General Meeting of the company, to be held on Wednesday the 3rd day of September, 2014 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.
- Signature of the Shareholder / Proxy Present.
- Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
- Shareholder / Proxy holder desiring to attend the meeting may bring his / her copy of Annual Report for reference at the meeting.

E - VOTING PARTICULARS

EVS (Electronic Voting Sequence Number)	USED ID	PASSWORD
140718027	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Tuesday, 26 th August, 2014 (from 9.00 A.M.)	Thursday, 28 th August, 2014 (upto 6.00 P.M.)

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