

August 14, 2017

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

Dear Sirs,

Stock Code - **KOTARISUG**

Sub: Intimation of Book Closure for the purpose of Annual General Meeting, Payment of Dividend and e-voting process of Kothari Sugars and Chemicals Limited for the financial year 2016 - 2017.

1. This is to inform you that the 56th Annual General Meeting of the Company will be held on Friday, 08th September, 2017 at 10.15 A.M. at The Music Academy, Mini Hall, Old No.306, New No. 168, T.T.K.Road, Chennai - 600 014. Copy of the notice convening 56th Annual General Meeting of the Company along with Annual Report for the Financial Year 2016-17 is enclosed.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 02nd September, 2017 to Friday, 08th September, 2017 (both days inclusive) for the purpose of Annual General Meeting and Payment of Dividend for the year 2016-17.
3. (a) Further, we wish to intimate that in terms of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and the provisions of Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company shall provide to its members the facility to exercise their votes electronically for transacting the items of business as set out in the Notice convening the ensuing Annual General Meeting of the Company.
(b) For the aforesaid purpose the Company has fixed 01th September 2017, Friday as the cutoff date to determine the entitlement of voting rights of members for e-voting.
(c) The Company has entered into an arrangement with Central Depository Services (India) Limited, CDSL for facilitating e-voting through their e-voting platform i.e. www.evotingindia.com.
4. Kindly acknowledge and take this into your records.

Thanking You

Yours faithfully

for **Kothari Sugars & Chemicals Limited**



R. Prakash

Company Secretary & Compliance Officer



Encl: as above



Kothari Sugars and Chemicals Ltd.

56th Annual Report 2016 - 17





Bhadrashyam H Kothari

11.11.1961 - 22.02.2015



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

CORPORATE INFORMATION

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

CONTENTS

	Page No.
Notice to the Members	3
Directors' Report	9
Management Discussion and Analysis	26
Corporate Governance Report	29
Auditors' Report	40
Balance Sheet	44
Statement of Profit and Loss	45
Cash Flow Statement	46
Notes forming part of the Financial Statements	47
Consolidated Financial Statements & Notes thereon	69

FINANCIAL HIGHLIGHTS

₹. in Lakhs

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
PROFITABILITY ITEMS					
Gross Income	44,091	33,274	35,131	25,325	31,983
Gross Profit (PBDIT)	4,133	3,011	2,050	2,449	3,942
Depreciation	1,689	1,610	1,598	1,464	1,463
Profit / (Loss) Before Interest & Tax	2,444	1,401	452	985	2,479
Finance Cost	529	941	486	709	720
Exceptional Items (net)	-	-	-	-	622
Profit / (Loss) Before Tax	1,915	460	(35)	277	1,137
Income Tax	367	59	425	3	265
Deferred Tax	687	121	(5)	156	(75)
Profit / (Loss) After Tax	861	279	(454)	118	947
BALANCE SHEET ITEMS					
Net Fixed Assets (incl.CWIP)	22,736	22,445	20,903	19,482	19,151
Investments	838	1,583	1,836	1,783	1,878
Net Assets (Current / non current)	4,030	3,757	3,231	2,827	598
Total Capital Employed	27,604	27,795	25,970	24,092	21,627
Shareholders Funds	13,155	12,849	12,107	11,875	12,734
OTHERS					
Book Value per share (Rs.)	15.87	15.50	14.61	14.33	15.36
EPS (Rs.)	1.04	0.34	(0.55)	0.14	1.14

NOTICE to the Members

Notice is hereby given that the 56th Annual General Meeting of Kothari Sugars & Chemicals Limited will be held on Friday, 8th September 2017 at 10.15 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a) the Audited financial statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the report of the Auditors thereon.
2. To declare a dividend of Rs.0.50 per equity share of face value of Rs.10/- for the financial year 2016-17.
3. To appoint a Director in the place of Mrs.Nina B Kothari, (DIN 00020119) who retires by rotation and being eligible offers herself for re-appointment.
4. **Appointment of Statutory Auditors**

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 Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. P. Chandrasekar LLP, Chartered Accountants (Registration No.000580S/S200066), be and are hereby appointed as Statutory Auditors of the Company to hold office till the conclusion of the 61st Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company”.

Special Business:

5. Ratification of Remuneration to Cost Auditor

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

“Resolved that subject to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 if any and Companies (Audit & Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) plus applicable taxes and re-imbursement of out of pocket expenses to Mr.K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Sugar, Distillery & Co-gen units of the Company for the year 2017-2018, be and is hereby ratified and confirmed.”

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

Place: Chennai
Date: 30th May, 2017

R. Prakash
Company Secretary

Important Notes:

- a) **The Register of Members and Share Transfer books will remain closed from Saturday, the 2nd September, 2017 to Friday, 8th September, 2017 (both days inclusive) on account of the Annual General Meeting and determining the entitlement of the Shareholders to the Dividend for the year 2016-17.**
- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- c) **A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
- d) A person can act as a Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- e) The instrument appointing a Proxy should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 Hours before the commencement of the meeting i.e. 10.15 a.m. on Wednesday, 6th September 2017. A Proxy form is sent herewith.
- f) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
- g) **Members or Proxies are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting and members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.**
- h) The Board of Directors at its meeting held on 30th May, 2017, recommended a dividend at the rate (@ 5%) of Re. 0.50 paise per equity share of Rs.10/- each for the financial year 2016-17. The Dividend would be paid by not later than 07th October, 2017 to those shareholders whose names stand on Register of Members as of the close of business hours on 01st September 2017, if declared. Dispatch of Dividend warrants / Cheques / ECS credit would be done by 07th October 2017.
- i) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the financial year 2013-14 are advised to write to the Company / RTA immediately claiming the dividend declared by the Company. The details of unpaid dividend due for transfer to Investor Education and Protection Fund (IEPF) are furnished below. As per Section 124 (6) of the Companies Act, 2013 ("Act"), all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF. The shareholder is entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Act.

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

- j) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information of the Unclaimed Dividend in respect of the financial year 2013-14, as on the date of the 55th Annual General Meeting (AGM) held on 05th August, 2016, on the website of the IEPF viz. www.iepf.gov.in and also in the Company's website www.hckotharigroup.com/kscl under "Investors Section --> Investor Relations"
- k) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company'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.
- l) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.
- m) The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.

- n) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.
- o) **The shareholders are requested to send their queries on annual accounts / other sections/reports of Annual Report to the Company in the email id secdept@hckgroup.com, atleast 3 days before the date of meeting, so that the requisite information/explanations can be provided at the meeting.**
- p) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made thereunder the Members holding shares may, at any time, nominate in form SH-13, any person as his/her nominee to whom the securities shall vest in the event of his/her death. Nomination would help the nominees to get the shares transmitted in their favour without any hassles. Members desirous of making any cancellation/variation in the said nomination can do so in form SH-14. The nomination forms can be downloaded from the Company's website www.hckotharigroup.com/kscl.
- q) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this Notice.
- r) Electronic copy of the Notice and Annual Report of the 56th 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 Participants(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 56th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are sent in the permitted mode.
- s) Members may also note that the Notice of the 56th Annual General Meeting and the Annual Report for 2016-17 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 at 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 of the Companies (Management and Administration) Amendment Rules, 2015 and Rule 21 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of SEBI (LODR) Regulations, 2015, the Company shall provide members the facility to exercise their right to vote at the General Meetings by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

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

In case of members receiving e-mail

- i) Log on to the e-voting website www.evotingindia.com.
- ii) Click on "Shareholders" tab to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number - "EVS" 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 on 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 file

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

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

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

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

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

xi) On the voting page, you will see Resolution description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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

xiii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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

xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

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

xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333.

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

xix) Shareholders can also cast their vote using CDSL's mobile app m-voting a available for android based mobiles. The m-voting app can be downloaded from Google Play store. iPhone and windows phone users can download the app from the App Store and the Windows Phone Stores respectively.

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

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

VOTING AT AGM

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

General

- a) The remote e-voting period commences on Monday, 4th September, 2017 at 9.00 A.M. and ends on Thursday, 7th September, 2017 at 5.00 P.M. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting. The remote e-voting module shall be blocked by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b) After dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Friday, 01st September, 2017 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- c) A member may participate in the meeting even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- d) The voting rights of a member shall be in proportion to his/her shares in the paid up equity share capital of the Company as on the cut-off date i.e. Friday, 01st September, 2017.
- e) Mr.N. Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- f) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days after the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- g) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hckotharigroup.com/kscl and website of CDSL <http://www.evotingindia.com> and also forward the same to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.
- h) Route Map showing directions to reach to the venue of the 56th Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standard -2(SS-2) on "General Meeting."

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

Item No.5

The Audit Committee and the Board of Directors of the Company at their meeting held on 30th May, 2017 appointed Mr.K. Suryanarayanan, Cost Accountant, as Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2017-2018.

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

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out in Item No.5 of the Notice to ratify the remuneration of Rs.1,00,000/- (Rupees One Lakh Only) plus applicable service taxes and re-imbursement of out of pocket expenses to Mr.K. Suryanarayanan, Cost Auditor for the Sugar, Distillery & Co-gen units of the Company for the year 2017-2018 which has been duly approved by the Board of Directors after considering the recommendation made by the Audit Committee of the Company at the meeting held on 30th May, 2017.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested either financially or otherwise, in the Resolution set out at Item No.5.

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

Place: Chennai
Date: 30th May, 2017

R Prakash
Company Secretary

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

Particulars	Item No.3
Name of the Director	Nina B. Kothari
Date of Birth	21.07.1962
Date of First Appointment on the Board	27.05.2014
Qualification	B A (Economics)
Experience in specific functional areas	She is holding directorship in H.C. Kothari Group of Companies. She held various positions in prestigious institutions as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM. She was the President of International Womens' Association (IWA).
List of other Public Companies in which Directorship held	a) Kothari Petrochemicals Ltd. b) Kothari Safe Deposits Ltd.
Chairman/ Member of the Committee of the Board of Director of the Company	Chairperson of Corporate Social Responsibility Committee
Chairman/ Member of the Committee of the other companies in which he/she is a Director	Chairperson of Corporate Social Responsibility Committee in Kothari Petrochemicals Limited
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2017	26,83,498 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mrs. Nina B. Kothari is the mother of Mr. Arjun B. Kothari, Managing Director of the Company
Number of meetings attended during the year and other Directorships / Chairpersonship of Committees of other Boards	Please refer Corporate Governance Section.

DIRECTORS' REPORT

To the Members

Your Directors present the 56th Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2017.

Financial Summary & Highlights of the Company

₹ in lakhs

Financial Performance	2016 - 2017	2015 - 2016
Total Revenue	31,983	25,325
Profit/(Loss) before Interest and Depreciation	3,320	2,449
Interest	720	709
Depreciation	1,463	1,464
Profit/(Loss) before Tax	1,137	277
Tax Adjustments including Deferred Tax	189	159
Profit / (Loss) after Tax	947	118
Appropriations:		
Transfer to Capital Redemption Reserve	87.50	350
Balance Carried Forward	860	(232)

Operational Review and State of Affairs

Sugar Industry Overview

The world sugar production is likely to be lower in the Sugar Year 2016 - 2017, with a deficit of about 5.7 million MT. The estimated production for the sugar year 2016 - 2017 is 168.3 million MT against the consumption of 174 million MT. However, the 2017- 2018 sugar year is expected to be a surplus year due to increase in sugar production in Brazil, India, European Union and Thailand.

The sugar production in India for the Sugar Year 2016 - 2017 is expected to decline to 20.3 million MT from 25.1 million MT in the previous sugar year. This fall is mainly on account of lesser cane plantation due to drought in Maharashtra, Tamilnadu, Andra Pradesh, Telangana and parts of Karnataka.

The sugar production in the forthcoming Sugar Year 2017 - 2018 in India is expected to increase to 25 million MT against the projected consumption of 25 million MT. This indicates that the production in the country will be sufficient to meet the demand.

Tamil Nadu is affected due to failure of monsoon consecutively for fifth year which resulted in severe drought in many parts of the state. The Company's cane area is also facing severe drought conditions which may affect cane availability besides adversely affecting sugar cane yield and recovery.

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

- Government of India has permitted import of 5 lakh MT raw sugar with duty free, out of which around 3 lakh MT is allotted to Southern India.
- Excise duty exemption provided for ethanol and for molasses used for production of ethanol has been withdrawn from August 2016 onwards.
- 2016 - 17 sugar seasons commenced with an opening stock of about 7.75 million tonnes in the country. However with lesser production during the year, the closing stock is likely to come down to 4.5 million MT by the end of sugar year 2016 - 17 despite import of 0.5 million MT of raw sugar.
- Tariff for cogeneration power has been revised with retrospective effect.

Sugar

The sugarcane availability has come down drastically in the state of Tamilnadu over a period of 5 years due to scanty rainfall, shift in cropping pattern and shrinkage of cultivable land due to urbanisation. As a result the overall area under cane has come down and in turn cane availability has come down. However due to advancement of crushing in the sugar year 2016 - 17 due to drought, we have recorded higher crushing against the previous financial year.

Your Company has got an allotment of 5280 MT of raw sugar under duty free import scheme of Government of India.

Alcohol

Though the cane crushing was less, we have operated the distillery unit at the optimum level to sustain the production by purchasing molasses from other sources. The realisation from alcohol is improved throughout the year 2016 - 17. This is mainly due to shortage of molasses in the state and high cost.

Co-generation

The power generation increased marginally by 11% compared to the previous year. The tariff for Cogeneration power sold to TANGEDCO has been revised for both the units of the company with retrospective effect.

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

(a) Conservation of Energy

- (i) Due to old plant modernization, distillery efficiency has been improved and energy consumption has also been reduced.
- (ii) One number 3 KW Variable Frequency Drive has been installed in "A" vacuum crystalliser at Kattur unit. With this modification, the Energy consumption of that equipment has come down to 40% of the earlier consumption level.

(b) Technology absorption

Sugar colour at both Kattur and Sathamangalam plants has been improved to 55 ICUMSA and 58 ICUMSA level respectively as against the industry norm of below 100 ICUMSA. This has been achieved through in house R & D efforts.

(c) Foreign exchange earnings and Outgo

₹ in lakhs

Sl. No.	Particulars	2016 - 2017	2015 - 2016
(i)	Total Foreign Exchange earned	Nil	Nil
(ii)	Total Foreign Exchange outflow	35.22	0.92

Dividend

The Board of Directors recommends a dividend at the rate (@ 5%) of Re.0.50 per equity share of Rs.10/- each for the financial year ended March 31, 2017. If approved by the Members at the ensuing Annual General Meeting to be held on 08th September, 2017, it will be paid before 07th October 2017 to those Members whose names appear in the Company's Register of Members as of the close of business hours on 01st September 2017.

Board Meetings

During the year 04 Board Meetings and 04 Audit Committee Meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between two meetings was within the period as prescribed under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Share Capital

The paid up equity share capital of the Company as on March 31, 2017 was Rs.8,288.86 Lakhs. In accordance with the order of Appellate Authority for Industrial and Financial Reconstruction (AAIFR) dated 17th June 2004, the Redeemable Preference Shares of the Company issued on 19th July 2004 were entirely redeemed on 14th June 2016 out of the accumulated profits of the Company. The company has neither issued any shares with differential voting rights nor granted stock options or sweat equity.

Directors

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

Declaration from Independent Directors

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

Composition of Audit Committee

The Audit Committee comprised of the following directors for the year ended 31st March 2017:

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

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

Remuneration Policy

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

Vigil Mechanism

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

Prevention of Insider Trading

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

Directors' Responsibility Statement

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

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

Subsidiary Company

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

KITL has made a profit before tax of Rs.36.09 lakhs for the year ended March 31, 2017 as against Rs.66.19 lakhs in the previous year.

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

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

Associate Company

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

KPL has made a profit before tax of Rs.9.97 Crores for the year ended March 31, 2017 as against Rs.14.25 Crores in the previous year.

Extract of Annual Return

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

AUDITORS

a) Statutory Auditors

The term of M/s.R. Subramanian and Company LLP, Chartered Accountants, the existing Auditors of the Company will be expiring at the ensuing Annual General Meeting to be held on 08th September 2017.

The Audit Committee and the Board of Directors recommend the appointment of M/s.P.Chandrasekar LLP, Chartered Accountants (Registration No.000580S/S200066), Chennai as the Statutory Auditors of the Company to hold office from the conclusion of 56th Annual General Meeting till the conclusion of 61st Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed thereunder.

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

b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Sugar, Co-gen and Distillery Unit are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Mr.K.Suryanarayanan, Cost Accountant in practice for conducting the audit of cost records of the Company for the financial year 2017-18 on a remuneration of Rs.1,00,000. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr.K.Suryanarayanan, Cost Accountant is included at Item No.5 of the Notice convening this Annual General Meeting.

c) Secretarial Auditor

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

Deposits

The Company has not accepted deposits either from the members or public falling within the ambit of Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. There were no outstanding deposits during and at the end of the financial year 2016-17.

Significant & Material Orders Passed by the Regulators

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

Internal Financial Control Systems and their Adequacy

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

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

Particulars of Loans, Guarantees or Investments

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

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

Risk Management

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

Corporate Social Responsibility Policy

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

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for the schemes for promotion of education. The contributions in this regard have been made to a Registered Trust which is undertaking these schemes. Detailed Report on CSR activities in the prescribed format is at page number 22.

Related Party Transactions

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

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

The policy on Related Party Transactions as approved by the Board is posted on the Company's website www.hckotharigroup.com/kscl

Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees, with the format (Questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

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

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

Separate Meeting of Independent Directors

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

Disclosure about Cost Audit

Filing of Cost Audit Report	2016 - 2017	2015 - 2016
Due Date	27.09.2017	27.09.2016
Actual Date	15.09.2017 (Target)	02.09.2016
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	Nil	Nil

Listing with Stock Exchanges

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTARISUG & ISIN INE419A01022. The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to NSE where the Company's Shares are listed.

Corporate Governance and Shareholders Information

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

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

Particulars of Employees

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

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

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

Sl. No.	Name	Designation	Percentage of Increase
(i)	Mr.Arjun B. Kothari	Managing Director	No Salary was paid during the year
(ii)	Mr.R.Krishnan	Chief Financial Officer	15%
(iii)	Mr.R.Prakash	Company Secretary	15%

- 0.3% increase has been reported in the median remuneration of employees in the financial year.
- The number of permanent employees on the rolls of company as on 31st Mar 2017: 505
- Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:
Increase of remuneration for employees was in the range of 8 to 15 % and for KMP the increase was 15% for the year.
- We affirm that the remuneration paid during the period under review, is as per the Remuneration Policy of the company.

Consolidated Financial Statements

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

Cautionary Statement

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

Acknowledgement

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

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

Nina B. Kothari
Chairperson

Place: Chennai
Date: May 30, 2017

Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017

Sl. No	Name	Designation	Qualification	Gross Remuneration (Rs. In Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last or previous employment	% of Equity Shares held	Relative of Director or Manager
1	M. Silvester Goldwin	President - Operation	B.E.(Mechanical)	47.30	Permanent	27-07-1998	49	28	Miltech Engineers Ltd.	-	NO
2	Krishnan Ranganathan	Chief Financial Officer	B.COM., ICWA(Inter)	23.75	Permanent	23-10-2009	52	31	TTK Ltd.	-	NO
3	Prakash R	Company Secretary	M.com., LLB.,FCS	20.84	Permanent	01-05-2010	40	10	Kothari Petrochemicals Ltd.	-	NO
4	Ramachandran.V	General Manager	B.E.(Mechanical) Env.Engineer	19.01	Permanent	19-08-1994	50	26	Veesons Energy Systems	-	NO
5	Karthikeyan P	Sr.Manager Instrumentation	B.E. (Instrumentation)	14.94	Permanent	04-06-2007	35	14	Mawana Sugars	-	NO
6	Sathiyarayan Dhanapal	Head - Tech	B.E.(Mechanical)	14.64	Permanent	01-09-2016	47	25	Prudential Sugars	-	NO
7	Balamurali V	Sr.Manager Marketing	B.Com	14.11	Permanent	21-04-1985	56	32	-	-	NO
8	Thirugnanam.V	Head Cane	B.Sc (Agriculture)	14.00	Permanent	18-10-2012	52	26	EID Parry	-	NO
9	Pushparaj.S	DGM Distillery	M.Sc Environmental Science	13.28	Permanent	14-08-2000	47	24	Mohan Breweries	-	NO
10	Ilavarasan.P	AGM-Cane	B.Sc (Agriculture)	11.71	Permanent	19-02-1999	45	27	-	-	NO

Notes:

1. Remuneration shown above includes salary, bonus, and contribution to provident fund, superannuation fund and perquisites valued as per Income Tax Rules, wherever applicable and in other cases at actual cost to the Company.

ANNEXURE - I
**Form No. MGT - 9
EXTRACT OF ANNUAL RETURN**
as on the financial year ended on 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
(i)	Sugar	10721	68.72%
(ii)	Distillery	11019	23.86%
(iii)	Co-gen	35106	4.96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GNL	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
(i)	Parvathi Trading and Finance Company Private Limited No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	U65191TN1989 PTC017390	Holding	70.20%	2(46)
(ii)	Kothari International Trading Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	U51101TN1995 PLC029759	Wholly Owned Subsidiary	100%	2(87)
(iii)	Kothari Petrochemicals Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	L11101TN1989 PLC017347	Associate	20.42%	2(6)

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

i) Category-wise Share Holding

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter									
1	Indian									
(a)	Individual / Hindu Undivided Family	27,60,909	-	27,60,909	3.33	27,20,923	-	27,20,923	3.28	(0.05)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	6,09,47,519	-	6,09,47,519	73.53	6,09,07,533	-	6,09,07,533	73.48	(0.05)
2	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	6,09,47,519	-	6,09,47,519	73.53	6,09,07,533	-	6,09,07,533	73.48	(0.05)

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. 1	Public shareholding Institutions									
(a)	Mutual Funds / UTI	35	290	325	0.00	35	290	325	0.00	-
(b)	Financial Institutions / Banks	60	33	93	0.00	-	33	33	0.00	-
(c)	Central Government / State Government(s)	675	10,350	11,025	0.01	675	10,350	11,025	0.01	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	22,56,788	-	22,56,788	2.72	22,56,788	-	22,56,788	2.72	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	22,57,558	10,673	22,68,231	2.73	22,57,498	10,673	22,68,171	2.73	-
2	Non-institutions									
(a)	Bodies Corporate	31,01,002	3,884	31,04,886	3.75	39,44,354	3,884	39,48,238	4.76	1.01
(b)	Individuals -									
i.	Individual shareholders holding nominal share capital upto Rs.1 lakh.	96,13,652	77,049	96,90,701	11.69	92,79,060	77,033	93,56,093	11.28	(0.41)
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	53,59,517	-	53,59,517	6.46	50,70,088	-	50,70,088	6.12	(0.34)
(c)	Any Other									
1)	Directors & Relatives	505	474	979	0.00	40,491	474	40,965	0.05	0.05
2)	Non-Resident Indians (NRI's)	4,53,482	172	4,53,654	0.55	2,85,863	172	2,86,035	0.34	(0.21)
3)	Clearing Members	45,267	-	45,267	0.05	41,028	-	41,028	0.05	-
4)	Hindu Undivided families	10,17,801	-	10,17,801	1.23	9,70,404	-	9,70,404	1.17	(0.06)
5)	Trusts	25	-	25	0.00	25	-	25	0.00	-
	Sub-Total (B)(2)	1,95,91,251	81,579	1,96,72,830	23.74	1,96,31,313	81,563	1,97,12,876	23.78	0.04
	Total Public Shareholding (B)=(B)(1)+(B)(2)	2,18,48,809	92,252	2,19,41,061	26.47	2,18,88,811	92,236	2,19,81,047	26.52	0.05
	TOTAL (A)+(B)	8,27,96,328	92,252	8,28,88,580	100.00	8,27,96,344	92,236	8,28,88,580	100.00	-
C.	Shares held by Custodians and against which Depository Receipts have been issued									
1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8,27,96,328	92,252	8,28,88,580	100.00	8,27,96,344	92,236	8,28,88,580	100.00	-

ii) Shareholding of Promoters

Sl. No.	Promoters Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Parvathi Trading & Finance Co. Pvt. Ltd.	5,81,86,610	-	5,81,86,610	70.20	5,81,86,610	-	5,81,86,610	70.20	-
(ii)	Nina Bhadrashyam Kothari	26,83,498	-	26,83,498	3.24	26,83,498	-	26,83,498	3.24	-
(iii)	Rasika H.Kothari	39,986	-	39,986	0.05	-	-	-	-	(0.05)
(iv)	Nayantara B. Kothari	23,025	-	23,025	0.03	23,025	-	23,025	0.03	-
(v)	Arjun B. Kothari	14,400	-	14,400	0.02	14,400	-	14,400	0.02	-
	Total	6,09,47,519	-	6,09,47,519	73.54	6,09,07,533	-	6,09,07,533	73.49	(0.05)

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

Name of the Promoter	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
Rasika H.Kothari				
At the beginning of the year	39,986	0.05	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	(39,986)	0.05	-	-
At the end of the year	Nil	-	-	-

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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Life Insurance Corporation of India	22,56,788	2.72	22,56,788	2.72
2	Century Tecsol Private Limited	15,52,697	1.87	15,52,697	1.87
3	Raviraj Developers Ltd.	52,326	0.06	2,91,257	0.35
4	JM Financial Services Limited	46,498	0.05	2,21,438	0.27
5	Sameer Rajaram Gaikwad	2,03,372	0.25	2,03,372	0.25
6	Ajay Girdharilal Bhartiya	2,00,000	0.24	2,00,000	0.24
7	A Jayakumar	1,65,000	0.20	1,87,806	0.23
8	Phillipcapital (India) Private Limited	1,15,000	0.14	1,65,000	0.19
9	Tejash Finstock Pvt. Ltd.	-	-	1,52,643	0.18
10	Manjari J Solanki	70,890	0.09	1,43,260	0.17

v) Shareholding of Directors and Key Managerial Personnel

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

V) INDEBTEDNESS

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

₹ in lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,746.28	623.15	-	17,369.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	794.12	-	-	794.12
Total (i+ii+iii)	17,540.40	623.15	-	18,163.55
Change in Indebtedness during the Financial Year				
Addition	2,122.27	-	-	2,122.27
Reduction	4,375.16	-	-	4,375.16
Net Change	(2,252.89)	-	-	(2,252.89)
Indebtedness at the end of the Financial year				
i) Principal Amount	14,785.31	623.15	-	15,408.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	502.20	-	-	502.20
Total (i+ii+iii)	15,287.51	623.15	-	15,910.66

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

No remuneration was paid to Managing Director during the year 2016-17.

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

Sl. No.	Particulars of Remuneration	Name of Directors			
		Mr.P.S.Gopalakrishnan	Mr.V.R.Deenadayalu	Mr.P.S.Balasubramaniam	Total Amount in ₹
1	Sitting fees for attending Board and Committee Meetings	1,45,000	1,35,000	1,45,000	4,25,000
2	Commission / Others, please specify	-	-	-	-
Total (B) (1)					4,25,000

2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs.Nina B. Kothari	Total Amount In. ₹
1	Sitting fee for attending Board and Committee Meetings	80,000	80,000
2	Commission / Others, please specify	-	-
Total (B) (2)			80,000
Total (B) = (B)(1)+ (B)(2)			5,05,000

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

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of KMP		
		Mr.R.Prakash Company Secretary & Compliance Officer	Mr.R.Krishnan Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	20.84	23.75	44.59
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options / Sweat Equity / Commission (as % of Profit & Others) others, Please specify	-	-	-
Total (C)		20.84	23.75	44.59

VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended March 31, 2017.

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

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

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

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

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

- Education / Literacy Enhancement,
- Environment Protection / Horticulture,
- Infrastructure Development
- Drinking water/ Sanitation,
- Healthcare/ Medical facility,
- Community Development / Social Empowerment
- Contribution to Social Welfare funds set up by Central / State Government,
- Relief of victims on Natural Calamities

2. The Composition of the CSR Committee

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

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

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

₹ In Lakhs

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2015 - 2016	41.94
(ii)	2014 - 2015	(191.12)
(iii)	2013 - 2014	463.02
	Total	313.83
	Average Annual Net Profit	104.61

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

2% of Average Net Profit is around Rs.2.09 Lakhs

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year Rs.2.09 Lakhs

(b) Amount unspent, if any Nil

(c) Manner in which the amount spent during the Attached as per annexure in this report financial year

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**Place:** Chennai**Nina B. Kothari****Arjun B. Kothari****Date :** May 30, 2017

Chairperson CSR Committee

Managing Director

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

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Spent towards completing construction of additional classroom for School located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education / Literacy Enhancement	Local area, where the company operates and the location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu	Rs.2.09 Lakhs	Direct Expenditure of Rs.2.09 Lakhs	Rs.2.09 Lakhs spent during the financial year 2016-17	Amount of Rs.2.09 Lakhs has been spent through Registered Trust namely HCK Educational & Development Trust.

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

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

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2017

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

To,

The Members,

Kothari Sugars and Chemicals Limited

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

Based on my verification of the Kothari Sugars and Chemicals Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

1. The Companies Act, 2013 and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (Not Applicable to the Company);
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – (Not applicable to the Company during the Audit Period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - not applicable
6. I have also examined compliance with the applicable clauses of the following;
 Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.
 During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

7. I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis, the Company has complied with the following laws applicable specifically to the Company, as listed below;
- The Sugar Cess Act, 1982
 - The Sugarcane Control (Order), 1966
 - Sugar Development Fund Act, 1982
 - Food Safety and Standards Act, 2006
 - The Boiler Act, 1923
 - The Legal Metrology Act, 2009
 - Environmental Protection Act, 1986
 - Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance.

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

I further report that during the audit period the Company had following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- In accordance with the order of Appellate Authority for Industrial and Financial Reconstruction (AAIFR) dated 17th June 2004, the Redeemable Preference Shares of the Company issued on 19th July 2004 were entirely redeemed on 14th June 2016 out of the accumulated profits of the Company.

For M.Alagar & Associates

M. Alagar

FCS No: 7488

C P No.: 8196

Place: Chennai

Date : May 20, 2017

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

'Annexure A'

To,

The Members

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

For M.Alagar & Associates

M. Alagar

FCS No: 7488

C P No.: 8196

Place: Chennai

Date : May 20, 2017

Management Discussion and Analysis

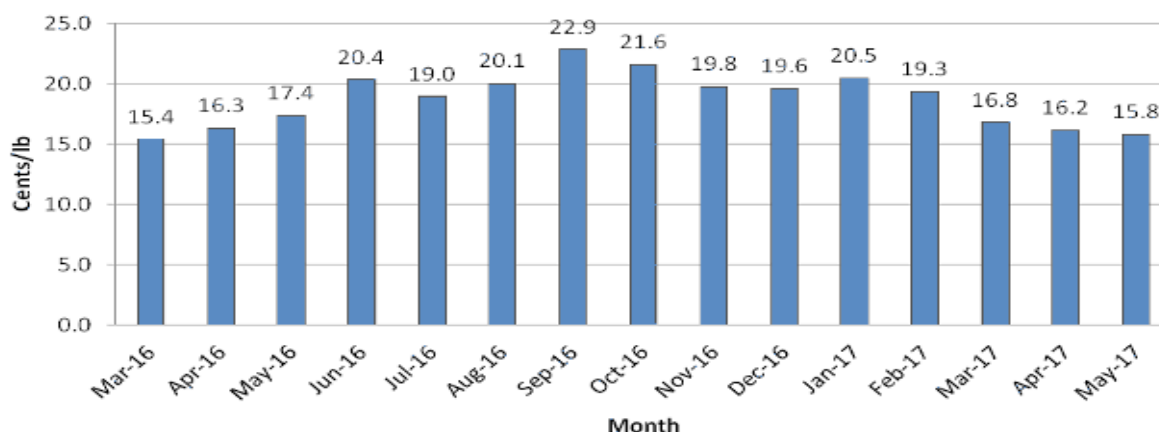
Industry Structure and Development

Sugar Industry is one of the prime agro based industry in the Country. India is the largest consumer of sugar and is the second largest producer in the world.

The agro-climatic condition in the major sugar producing countries like Brazil, India, Australia, Thailand, E.U etc., plays a key role in the sugar production which directly influences the pricing pattern.

The global raw sugar price have started firming up steadily from the first half of the season 2016-17 and thereafter due to prediction of surplus production, the price have started declining from March 2017. The trend is depicted below:

Raw sugar price in NY 11 Market



Indian sugar Industry

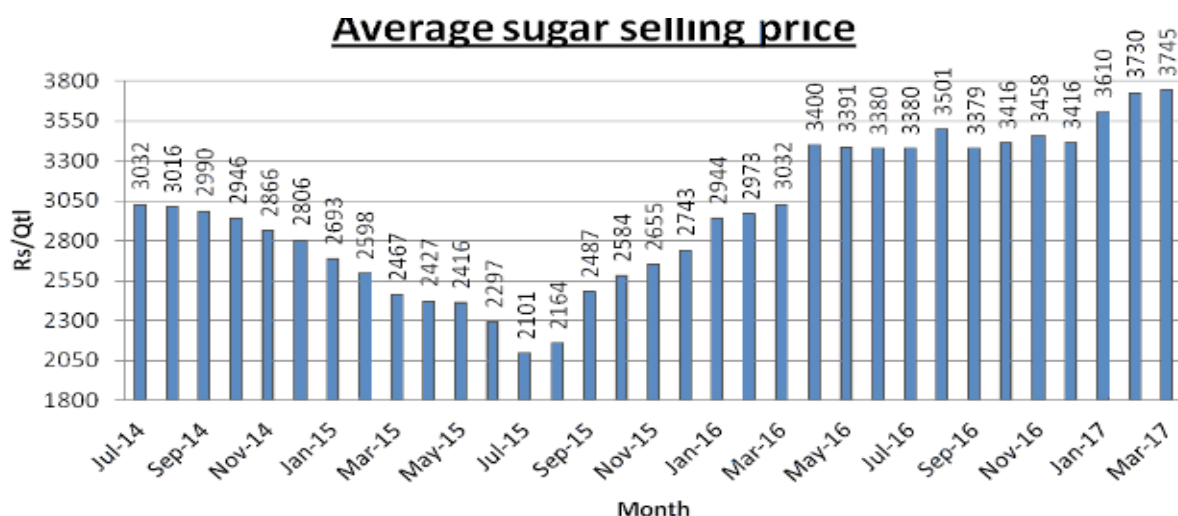
The sugar year 2016-17 commenced with an opening stock of about 7.75 million tonnes in the country. However with lesser production during the year, the closing stock is likely to come down to 4.5 million MT by the end of sugar year 2016-17 despite import of 0.5 million MT of Raw sugar.

Uttar Pradesh has reported substantial increase in Sugar production when compared with previous years due to favourable agro-climatic conditions and also with better cane varieties. On the other hand, Maharashtra's sugar production is on declining trend in the last few years due to drought. Tamilnadu's sugar production is continuously on declining trend due to severe drought for the 5th consecutive year.

In the forthcoming sugar year 2017-18, Uttar Pradesh is likely to reach record sugar production with above 10 million MT. Maharashtra, the second largest producer is likely to bounce back with a production of 7.5 million MT. The rainfall in Tamilnadu and the border districts of neighbouring states in the year has recorded the lowest in the last 141 years. This has resulted in lower cane cultivation besides poor crop health leading to much lower sugar production of about 0.6 million MT.

The average sugar selling price between September 2014 and February 2016 was ruling below Rs.3000/ Qtls in the domestic market, Thereafter, the price has improved due to shortage of cane and deficit production in the country during the year.

The average sugar selling price trend is depicted below:



The cane price fixed by the Govt. of India for the sugar year 2016-17 (FRP) is Rs.230 / qtl. linked to 9.5% recovery. For 2017-18, the CACP has recommended Rs.255 / qtl. linked to 9.5% recovery as FRP. The Tamilnadu State Government has recently constituted a tripartite committee to study and recommend the methodology to Government for fixing the sugarcane price from 2017-18 season onwards

Ethanol/alcohol production in the country has come down due to lesser availability of molasses/cane.

Opportunities

Demand for Sugar show an increasing trend. The Central and State Government policies on ethanol blending can help in improving revenue in the distillery unit.

Threats

Though the market is positive, there is acute shortage of raw material due to failure of monsoon for fifth consecutive year. On top of it, State Government's policy to implement SAP on cane price will significantly affect the industry. Brazilian mills are diverting more cane for the production of sugar than their earlier estimate. This coupled with higher production in European Union, Thailand and Australia will lead to surplus production in the coming year. The Government of India's various policies on export of sugar and import duties and finally the agro-climatic conditions are key for the industry's prospects.

Segment wise and product wise Performance

Sl. No.	Quantitative Performance	2016 - 2017	2015 - 2016
(i)	Cane Crushed (Metric Tones)	7,89,583	7,10,308
(ii)	Sugar recovery (%)	8.89	9.19
(iii)	Sugar produced (Quintals)	7,06,205	6,52,915
(iv)	Alcohol produced (Kilo liters)	17,110	15,750
(v)	Power Generated (lakh Kwh)	707	634

Outlook

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

The long term prices and profitability of Indian sugar companies will remain highly cyclical and dependent on domestic and international demand-supply trends. The Government policy in ensuring a rational linkage between cane price and sugar price will also be a key to long-term viability of sugar operations. Within the sugar industry, however, players who have high operating efficiencies, forward integration and a strong capital structure will be best placed to ride out the cycles.

RISKS AND CONCERNS

Raw Material Risk

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

Risk Mitigation

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

Competitive risk

Major sugar producing states like Karnataka and Maharashtra have implemented revenue sharing formula for fixation of sugar cane price. Uttar Pradesh Government also has announced their plan to move in this direction. With this arrangement, the cost of production of sugar in these states will become transparent which will lead to a similar policy in Tamilnadu as well.

Risk Mitigation

The Company along with the Association is liaising with the State Government for implementing revenue sharing mechanism in Tamilnadu.

Internal Control Systems and their adequacy

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

Human Resources / Industrial Relations

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

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

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

The Human Resources Department created an Internal Complaint Committee for the prevention and redressal of sexual harassment of women at work place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Total number of employees as on 31st March 2017 was 505 in respect of sugar and allied operations.

On Behalf of the Board
for Kothari Sugars & Chemicals Limited

Place: Chennai
Date: May 30, 2017

Nina B. Kothari
Chairperson

CORPORATE GOVERNANCE

Corporate Governance Philosophy

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

BOARD OF DIRECTORS

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

Composition of the Board and Directorship held as on 31st March 2017:

Name of the Director	Director Category	No. of Board Meetings		Attendance at previous AGM held on August 05, 2016	Number of Directorships in other companies	Number of Committee Memberships in other companies	
		Held	Attended			Chairman	Member
Mrs. Nina B. Kothari	Non-Executive Chairperson	4	4	Yes	14	-	1
Mr. Arjun B. Kothari	Managing Director	4	4	Yes	15	1	1
Mr. P.S. Gopalakrishnan	Independent	4	4	Yes	3	1	-
Mr. V.R. Deenadayalu	Independent	4	4	Yes	-	-	-
Mr. P.S. Balasubramaniam	Independent	4	4	Yes	7	-	1

Note :

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee comprises of the following directors and attendance of each director for the year ended 31st March 2017 is as follows:

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

The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 05th August, 2016. The Audit Committee met four times during the year on 27th May 2016, 05th August 2016, 09th November 2016 & 14th February 2017.

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

As on 31st March 2017 the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / audit exposure. The Managing Director, Chief Financial Officer and President are permanent invitees to the meetings of the committee. The Statutory Auditors and Internal Auditors were present at all Audit Committee meetings. The Cost Auditor is invited to attend the Meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. Mr.P.S.Gopalakrishnan, is the Chairman of the Committee. Mr.V.R.Deenadayalu and Mr.P.S.Balasubramaniam are the other members. The Company Secretary is the secretary to the Committee. The Chairman of Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 05th August, 2016. The Committee met once during the year on 27th May, 2016.

The details are as follows:

Sl. No.	Name of Director	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	1	1
(ii)	Mr.P.S.Balasubramaniam	Member	1	1
(iii)	Mr.V.R.Deenadayalu	Member	1	1

Remuneration Policy

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

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

Criteria of selection of Non Executive Directors

- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - Qualification, expertise and experience of the Directors in their respective fields;
 - Personal, Professional or business standing;
 - Diversity of the Board.

- c) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

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

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

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

Managing Director - Criteria for selection / appointment / remuneration.

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

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

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

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

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

Remuneration Policy for the Senior Management Employees

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

Criteria for Performance evaluation framed by N & R Committee

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

The Remuneration Policy approved by the Board of Directors is posted on the website of the Company www.hckotharigroup.com/kscl

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The committee met 12 times during the year 2016 - 2017. No sitting fee is paid for attending the meetings of the Committee.

Sl.No	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.S.Gopalakrishnan	Chairman	12	11
(ii)	Mr.P.S.Balasubramaniam	Member	12	12
(iii)	Mr.Arjun B. Kothari	Member	12	12

The Chairman of the Stakeholders Relationship Committee was present at the 55th Annual General Meeting of the Company held on 05th August, 2016.

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

Details of the Complaints received from the Shareholder(s) / Regulator(s) during the financial year 2016-2017

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non-receipt of dividend	03	03	-
(ii)	Non-receipt of new share certificate	07	07	-
(iii)	Non-receipt of annual reports	01	01	-
	TOTAL	11	11	-
(i)	Securities Exchange Board of India (SEBI)	01	01	-
	TOTAL	01	01	-

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Corporate Social Responsibility Committee met one time during the financial year 2016 - 2017 on August 05, 2016.

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

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

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

INVESTMENT AND CREDIT APPROVAL COMMITTEE - Non Mandatory Committee

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

Pursuant to section 179 of the Companies Act, 2013, the Board delegates its power to borrow monies, power to invest the funds of the company and the power to make loans to the Investment and Credit approval Committee within the total sanction limit approved by the Members of the Company from time to time. The Committee met 6 times during the year. No sitting fee is paid for attending the meetings of the Committee.

The Committee comprises of the following Directors

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

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

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

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

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on February 14, 2017, inter alia to

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

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

Familiarisation Programme for Independent Directors

A Familiarisation Programme for Independent Directors of the Company is being conducted on completion of Board Meetings and the details of such familiarisation programmes are disseminated on the company's website (www.hckotharigroup.com/kscl)

REMUNERATION PAID TO DIRECTORS

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

a) Details of Sitting Fees paid during the financial year 2016-2017

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Director Meeting	Total
Mrs.Nina B. Kothari	70,000	N.A	10,000	N.A	N.A	80,000
Mr.P.S.Gopalakrishnan	70,000	45,000	10,000	10,000	10,000	1,45,000
Mr.V.R. Deenadayalu	70,000	45,000	N.A	10,000	10,000	1,35,000
Mr.P.S.Balasubramaniam	70,000	45,000	10,000	10,000	10,000	1,45,000
Total	2,80,000	1,35,000	30,000	30,000	30,000	5,05,000

There were no other pecuniary relationships or transactions concerning the Non-Executive Director's vis-à-vis the company during the financial year ended 31st March, 2017.

b) Details of Directors shareholding as on 31st March 2017

As on 31st March 2017, Mr.Arjun B. Kothari, Managing Director holds 14,400 equity shares and Mrs. Nina B. Kothari, Non-Executive Director holds 26,83,498 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company except Mr.P.S.Balasubramaniam who holds 505 equity shares.

ANNUAL GENERAL MEETINGS

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

Year / Date / Day / Time	Venue
2015-2016 August 05, 2016, Friday, 10.15 A.M	The Music Academy, (Mini Hall) Old No.306, New No. 168, T.T.K. Road, Chennai - 600 014.
2014-2015 August 11, 2015, Tuesday 10.30 A.M	
2013-2014 September 03, 2014, Wednesday, 10.30 A.M	

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

Date of AGM	Whether any Special Resolution was passed	Particulars
Aug 05, 2016	No	-
Aug 11, 2015	Yes	Appointment of Mr.Arjun B. Kothari as Managing Director and Whole Time Key Managerial Person.
Sep 03, 2014	Yes	(i) Consent under Section 180(1) (c) of the Companies Act, 2013 for borrowings. (ii) Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc.

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2016 - 2017.

SUBSIDIARY COMPANY

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

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

RISK ASSESSMENT AND MINIMIZATION PROCEDURES

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

Further details are available in the Whistle Blower Policy of the Company posted in Company website www.hckotharigroup.com/kscl.

DISCLOSURES

RELATED PARTY TRANSACTIONS

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

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

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

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

COMPLIANCES

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

MEANS OF COMMUNICATION

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

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

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.hckotharigroup.com/kscl. As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the financial year 2016-2017.

GENERAL SHAREHOLDER INFORMATION
a) Annual General Meeting

Date and Time	September 08, 2017 at 10.15 A.M
Venue	The Music Academy, Mini Hall, Old No.: 306, New No.168, T.T.K. Road, Chennai - 600 014.

b) Financial Calendar of the Company

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

Results for Quarter ending 30 th June, 2017	First fortnight of September, 2017
Results for Quarter ending 30 th September, 2017	First fortnight of December, 2017
Results for Quarter ending 31 st December, 2017	First fortnight of February, 2018
Results for Quarter ending 31 st March, 2018	Last Week of May, 2018

c) Date of Book Closure

The period of Book Closure is fixed from Saturday, the 02nd September, 2017 to Friday, 08th September, 2017 (both days inclusive)

d) Management Discussion and Analysis Report

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

e) Dividend payment

The Board of Directors recommend a dividend at the rate (@ 5%) of Re.0.50 per equity share of Rs.10/- each for the financial year ended March 31, 2017. If approved by the Members at the ensuing Annual General Meeting to be held on 08th September, 2017, it will be paid before 07th October 2017 to those Members whose names appear in the Company's Register of Members as of the close of business hours on 01st September 2017.

f) Listing of Shares

The shares of the Company are listed in The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2017 - 18 has been paid. (Stock Code: KOTARISUG).

g) Details of the outstanding ADRs / GDRs / Warrants Or Convertible Instruments: Nil

h) Stock Market Data

(Amount in ₹)

Month	High	Low	Volume of shares traded	Month	High	Low	Volume of shares traded
Apr 2016	17.60	11.15	44,73,340	Oct 2016	17.55	13.50	19,53,596
May 2016	16.00	12.70	19,77,526	Nov 2016	19.35	13.05	26,35,420
Jun 2016	21.65	13.10	122,94,370	Dec 2016	14.85	13.25	12,31,405
Jul 2016	21.90	17.10	75,45,169	Jan 2017	16.60	14.10	17,29,406
Aug 2016	20.20	13.20	47,17,204	Feb 2017	17.30	13.90	19,95,379
Sep 2016	15.90	13.30	18,86,740	Mar 2017	15.40	12.65	11,32,242

i) Distribution of Shareholding as on 31st March 2017

(Amount in ₹)

Rs. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	20,664	2,18,25,410
5,001-10,000	1,984	1,75,30,290
10,001-20,000	1,036	1,69,31,530
20,001-30,000	398	1,04,13,240
30,001-40,000	186	68,80,450
40,001-50,000	208	1,00,08,760
50,001-1,00,000	267	2,05,07,300
1,00,001 and above	238	72,47,88,820
Total	24,981	82,88,85,800

j) Registrar and Share Transfer Agents

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

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

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

The unclaimed dividend as on March 31, 2017 is as follows:

Nature of Dividend	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2017	Date of Declaration	Due Date for transferring to IEPF
Final Dividend	2013 - 14	Rs.4,41,601.50	03.09.2014	09.10.2021

l) Compliance with mandatory / non mandatory requirements

The company has complied with all applicable mandatory requirements in terms of Regulations 34(3) and 53(f) of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The non-mandatory requirements have been adopted to the extent and in the manners as stated under the appropriate headings detailed elsewhere in this report.

m) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2017 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 8,27,96,344 equity shares representing 99.88% of the paid up equity capital have been dematerialized as on 31st March 2017.

n) Information to Shareholders

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

o) Plant Locations

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

p) Address for Correspondence

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

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

To
The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2017.

for **Kothari Sugars & Chemicals Limited**

Place: Chennai
Date: May 30, 2017

Arjun B.Kothari
Managing Director

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

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

- a. We have reviewed Financial Statements and Cash Flow Statements for the year ended 31st March 2017 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
 - (i) significant changes, if any, in internal control over financial reporting during the year
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai
Date: May 30, 2017

Arjun B. Kothari
Managing Director

R.Krishnan
Chief Financial Officer

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

We have examined the compliance of conditions of Corporate Governance by Kothari Sugars & Chemicals Limited, for the year ended March 31, 2017 as stipulated under SEBI Listing Regulations, 2015 as referred to in Regulation 15(2) of the listing regulations for the period from April 01, 2016 to March 31, 2017 of the said company with the Stock Exchange.

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

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

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

For M/s.M.Alagar & Associates

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

Place: Chennai
Date: May 20, 2017

INDEPENDENT AUDITORS' REPORT

To

The Members of Kothari Sugars and Chemicals Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Kothari Sugars and Chemicals Limited, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
 - d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of the written representations received from the Directors as on 31, March 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31, March 2017 from being appointed as a Director in terms of Section 164(2) of the Act; and
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 31 of the financial statements;
 - ii. the Company did not have any long-term contracts, including derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management - Refer Note.40

For **R.Subramanian and Company LLP**
 Chartered Accountants
 FRN:004137S/S200041

N. Krishnamurthy
 Partner
 M.No: 019339

Place : Chennai
 Date : 30th May 2017

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

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

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- iii. The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of, investments, made by the Company.
 The company has not provided any loans or guarantee or security to any company covered under Section 185.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained. We are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- vii. According to the information and explanations given to us in respect of Statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.
 - (b) Details of dues of various taxes, viz Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited as on 31st March 2017 on account of disputes are given below:

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/ borrowings to financial institutions, banks, Government or dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed from the banks have been utilized for the purpose for which it was raised.
- x. In our opinion and according to the information and explanations given to us, the Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.
- xi. The company has not paid any managerial remuneration and hence the provisions of section 197, read with Schedule V to the Companies Act, 2013 are not applicable.
- xii. The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.Subramanian and Company LLP

Chartered Accountants

FRN:004137S/S200041

N. Krishnamurthy

Partner

M.No: 019339

Place : Chennai

Date : 30th May 2017

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

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

We have audited the internal financial controls over financial reporting of Kothari sugars and Chemicals Limited as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For R.Subramanian and Company LLP
Chartered Accountants
FRN:004137S/S200041

N. Krishnamurthy
Partner
M. No: 019339

Place : Chennai
Date : 30th May 2017

BALANCE SHEET AS AT 31ST MARCH 2017

₹ in lakhs

	Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1)	Shareholders' funds			
	a) Share Capital	2	8,288.86	8,376.36
	b) Reserves and surplus	3	4,445.57	3,498.46
			12,734.43	11,874.82
2)	Non-Current liabilities			
	a) Long-term borrowings	4	6,273.99	9,220.99
	b) Deferred tax liabilities (Net)	5	2,268.34	2,343.57
	c) Other Long term liabilities	6	350.20	651.91
			8,892.53	12,216.47
3)	Current liabilities			
	a) Short-term borrowings	7	5,898.75	4,531.79
	b) Trade payables	8	4,667.85	2,959.42
	c) Other current liabilities	9	5,686.88	5,142.83
	d) Short-term provisions	10	96.15	88.23
			16,349.63	12,722.27
	TOTAL		37,976.59	36,813.56
II	ASSETS			
1)	Non-current assets			
	a) Property, Plant and Equipement			
	i) Tangible	11	19,111.23	19,479.26
	ii) Intangible		1.70	1.70
	iii) Capital work-in-progress		37.99	1.01
	b) Non-current investments	12	29.05	29.05
	c) Long-term loans and advances	13	194.72	580.36
	d) Other non-current assets	14	76.56	60.59
			19,451.25	20,151.97
2)	Current assets			
	a) Current investments	15	1,849.38	1,754.06
	b) Inventories	16	14,384.61	11,616.94
	c) Trade receivables	17	1,398.54	928.42
	d) Cash and cash equivalents	18	273.42	1,657.11
	e) Short-term loans and advances	19	518.20	567.74
	f) Other current assets	20	101.19	137.32
			18,525.34	16,661.59
	TOTAL		37,976.59	36,813.56
	Significant Accounting Policies & notes to accounts	1-43		

For and on behalf of the Board

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

Arjun B Kothari
 Managing Director

P.S.Gopalakrishnan
 Director

N.Krishnamurthy
 Partner

 Place : Chennai
 Date : May 30, 2017

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in lakhs

	Particulars	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
I	Revenue from Operations (Gross)	21	32,937.78	25,418.57
	Less: Excise Duty		1,262.45	760.99
	Revenue from operations (net)		31,675.33	24,657.58
II	Other Income	22	307.78	667.83
III	Total Revenue (I+II)		31,983.11	25,325.41
IV	Expenses:			
	(a) Cost of materials consumed	23	24,912.94	19,672.21
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	(2,540.09)	(1,683.75)
	(c) Employee benefits expense	25	1,775.76	1,564.66
	(d) Finance costs	26	720.36	708.59
	(e) Depreciation and amortization expenses	27	1,462.88	1,463.70
	(f) Other expenses	28	3,892.38	3,323.43
	Total Expenses		30,224.23	25,048.84
V	Profit before exceptional and extraordinary items and tax (III-IV)		1,758.88	276.57
VI	Exceptional items	29	622.35	-
VII	Profit before tax (V-VI)		1,136.53	276.57
VIII	Less : Tax expense			
	(a) Tax expense of current year		243.37	2.58
	(b) Tax expenses of earlier years		21.28	-
	(c) Deferred tax (Assets) / Liability		(75.23)	156.27
			189.42	158.85
IX	Profit for the year (VII-VIII)		947.11	117.72
X	Earnings per equity share:			
	1) Basic		1.14	0.14
	2) Diluted		1.14	0.14
	Significant Accounting Policies & Notes to Accounts	1-43		

For and on behalf of the Board

As per our Report of even date

for R.Subramanian and Company LLP
 Chartered Accountants

Arjun B Kothari
 Managing Director

P.S.Gopalakrishnan
 Director

N.Krishnamurthy
 Partner

 Place : Chennai
 Date : May 30, 2017

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017
₹ in lakhs

	Particulars	As at 31.03.2017		As at 31.03.2016	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit / (Loss) before tax		1,136.53		276.57
	Adjustments for :				
	Depreciation	1,462.88		1,463.70	
	Interest Income	(111.90)		(89.49)	
	Dividend Income from Associate	(30.05)		(240.38)	
	Bad Debts	-		3.02	
	Liability no longer required written back	(22.83)		(95.52)	
	Provision for Compensated absences	43.83		35.79	
	Finance Cost	720.36		708.59	
	Provision for Diminution / (accretion) in value of Investments	(14.65)		7.46	
	Profit on Sale of assets (Vehicles)	(2.99)		(1.71)	
	Loss / (Gain) on sale of Investments	(42.39)		(64.47)	
	Income from Mutual Fund Investment	(0.34)		(47.37)	
			2,001.91		1,679.62
	Operating Profit before Working Capital changes		3,138.44		1,956.20
	(Increase) / Decrease in Trade Receivables	(470.12)		(112.98)	
	(Increase) / Decrease in Other Receivables	702.81		97.56	
	(Increase) / Decrease in Inventories	(2,767.67)		(1,682.28)	
	Increase / (Decrease) in Trade and Other Payables	2,163.90		2,282.24	
			(371.09)		584.54
	Cash Generation from Operations		2,767.35		2,540.74
	Less: Income Tax Paid		214.51		9.71
	Net Cash Generation from Operating Activities - (A)		2,552.84		2,531.03
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital Expenditure		(1,133.84)		(43.86)
	Proceeds from sale of Investments (net)		(80.67)		45.59
	Interest Received		111.90		89.49
	Dividend Income from Associate		30.05		240.38
	Consideration for Sale of Fixed assets		4.99		2.95
	(Loss) / Gain on sale of Investments		42.39		64.47
	Income from Mutual Fund Investment		0.34		47.37
	Net Cash from Investing activities - (B)		(1,024.83)		446.40
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Redemption of Preference Share Capital		(87.50)		(350.00)
	Proceeds from Term loan Borrowings		-		2,148.00
	Proceeds/(Repayment) of short term borrowings		1,366.96		323.68
	Repayment of Term loan Borrowings		(3,437.84)		(3,616.84)
	Finance Cost		(720.36)		(708.59)
	Net Cash used in Financing activities - (C)		(2,878.73)		(2,203.76)
	Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C		(1,350.72)		773.67
	Cash and Cash equivalents at the beginning of the year		1,483.70		710.03
	Cash and Cash equivalents at the close of the year (Ref.Note 18)		132.97		1,483.70
			1,350.72		(773.67)

For and on behalf of the Board

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

for R.Subramanian and Company LLP
Chartered Accountants

Arjun B Kothari
Managing Director

P.S.Gopalakrishnan
Director

N.Krishnamurthy
Partner

Place : Chennai
Date : May 30,2017

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

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

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

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

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

The financial statements of "the Company" have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the Act 1956"), as applicable. The statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) USE OF ESTIMATES

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

(c) PROPERTY, PLANT AND EQUIPMENTS AND DEPRECIATION

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

(d) FOREIGN CURRENCY TRANSACTION

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

(e) INVESTMENTS

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

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

(f) INVENTORIES

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

(g) CASH AND CASH EQUIVALENTS

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

(h) REVENUE RECOGNITION

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

(i) EMPLOYEE BENEFITS

Defined Contribution Plans

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

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 all employees is considered as short term benefits and provided accordingly in the books of accounts. The practice of actuarially valuing un-availed leave for section of employees considering them as long term benefit and providing for the same followed till last year has been discontinued from current year.

(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) Revenue 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) BORROWING COSTS

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

(n) PROVISIONS AND CONTINGENT LIABILITIES

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

(o) EARNINGS PER SHARE

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

(p) TAXES ON INCOME

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

(q) Leases

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

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

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
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 { Of the above the holding company holds 5,81,86,610 shares (previous year 5,81,86,610) }	8,288.86	8,288.86
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share.		
	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	1,200.00	1,125.00
	A	-	75.00
	Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co. Pvt.Ltd) holds 8,90,000 shares}		
	(The redemption is as under: 50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014 and ended by June 14, 2016)		
	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	200.00	187.50
	B	-	12.50
	(These will be redeemed as under: 50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014 and ended during June 14, 2016)		
	A+B	-	87.50
	Total	8,288.86	8,376.36

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
	(a) Equity shares	No. of Shares	
	Reconciliation of number of shares		
	Balance at the beginning of the year	8,28,88,580	8,28,88,580
	Balance at the end of the year	8,28,88,580	8,28,88,580
	List of shareholders holding more than 5% of the total number of shares issued by the Company:		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) holds (70.20%) (P.Y.70.20%) of shares.	5,81,86,610	5,81,86,610
	(b) Preference shares		
	(i) Reconciliation of number of shares		
	Zero percent Preference shares of Rs.100/-each		
	Balance at the beginning of the year	12,00,000	12,00,000
	Balance at the end of the year	-	12,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Holding Company		
	Parvathi Trading & Finance Co. Pvt. Ltd. (74.17%) (PY 74.17%)	-	8,90,000
	Others		
	Federal Bank (16.67%) (P.Y. 16.67%)	-	2,00,000
	(ii) Reconciliation of number of shares		
	Zero percent Preference shares of Rs.10/-each		
	Balance at the beginning of the year	20,00,000	20,00,000
	Balance at the end of the year	-	20,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) (100%) (P.Y. 100%)	-	20,00,000
	Note: In Pursuant to AAIFR Order dated 17.06.2004, 12,00,000 Zero percent Preference shares of Rs.100/- each and 20,00,000 Zero percent Preference shares of Rs.10/-each were fully redeemed by June 2016		
		₹ in lakhs	
3	Reserves and Surplus		
	Capital redemption reserves		
	Opening balance	1,312.50	962.50
	Add: On redemption of Preference shares	87.50	350.00
	Total (A)	1,400.00	1,312.50
	Debenture Redemption Reserve	750.00	750.00
	Surplus in statement of Profit and Loss		
	Opening balance	1,435.96	1,668.24
	Add: Profit / (Loss) for the year	947.11	117.72
	Less:		
	Transfer to Capital redemption reserve	87.50	350.00
	Total (C)	2,295.57	1,435.96
	Total (A+B+C)	4,445.57	3,498.46

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
4	Long Term Borrowings (Secured)		
	Debentures		
	20,31,018 (P.Y.20,31,018) Zero Coupon Bonds of Rs. 100/- each redeemable at par at the end of the 25th year (2029-2030) as per AAIFR order dated 17.06.2004	2,031.02	2,031.02
	Of the above, amount due to the Holding Company Rs.1533.43 Lacs		
	Secured by a first charge on all movable and immovable properties situated in the State of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one single installment. Rate of Interest : Nil		
	Total (a)	2,031.02	2,031.02
	Term Loans from		
	Banks	1,467.41	3,366.95
	Sugar Development Fund	1,273.71	2,378.68
	Holding Company (Parvathi Trading & Finance Co.Pvt. Ltd.)	821.20	821.20
	Others (Ekansha Enterprises Pvt. Ltd.)	623.15	623.15
	Total	4,185.46	7,189.97
	Secured	3,562.31	6,566.82
	Unsecured	623.15	623.15
	Total (b)	4,185.46	7,189.97
	Total (a+b)	6,216.48	9,220.99
	Other Loans (Secured)		
	Vehicle Loan		
	Vehicle Loan from HDFC Bank Rs. 97.87 Lakhs (P.Y. Rs. Nil) of which Rs. 40.46 Lakhs is shown under current Liabilities "Current Maturity of Vehicle Loan". Last repayment due in August 2019. Amount of each Rs. 3.40 Lakhs p.m. Balance instalments 29. Rate of interest 8.71% p.a.	57.51	-
	Total (c)	57.51	-
	Total (a+b+c)	6,273.99	9,220.99
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" Refer Note 9)	3,223.86	3,616.84

Term Loan from banks

Term Loan from Indian Bank Rs.821.32 lakhs (P.Y Rs.1035.64 lacs) of which Rs.607 lakhs 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 46. Rate of Interest 11.15% p.a. Amount of monthly installment Rs.17.86 lakhs.

Term Loan from Indian Bank 30.60 lakhs (P.Y Rs.62.16 lakhs) of which Rs.Nil under Long term borrowings and Rs.30.60 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 12. Rate of Interest 10.90% p.a. Amount of monthly installment Rs.2.63 lakhs.

Interest Free Term Loan from Indian Bank Rs.1799.03 lakhs (P.Y Rs.2737.65 lakhs) under Scheme for Extending Financial Assistance to Sugar units 2014 of which Rs.860.41 lakhs under long term borrowings and Rs.938.62 lakhs under current maturity. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 23. Rate of Interest Nil. Amount of monthly installment Rs.78.22 lakhs.

Interest Free Term Loan from Indian Bank Rs.895 lakhs (P.Y Rs.2148 lakhs) under Soft Loan scheme extended by Government of India to Sugar units during 2015 of which Rs.Nil under long term borrowings and Rs.895 lakhs under current maturity. Repayment in 2 years with 1 year interest subsidy at 10% and 1 year moratorium towards principal repayment. Secured by exclusive first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 5. Rate of Interest 11.70% p.a. Amount of monthly installment Rs.179 lakhs.

Term Loan Sugar Development Fund

Rs 769.86 lakhs (P.Y.Rs 1026.48 lakhs) of which Rs. 513.24 lakhs under long term borrowings and Rs.256.62 lakhs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from September 2015 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs. 256.62 lakhs. Balance installments 3.

Rs 513.24 lakhs (P.Y.Rs 769.86 lakhs) of which Rs.256.62 lakhs under long term borrowings and Rs.256.62 lakhs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur, Tamil Nadu. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lakhs. Balance installments 2.

Rs.344.05 lakhs (P.Y Rs 688.09 lakhs) of which Rs.Nil under long term borrowings and Rs.344.04 lakhs under current maturity secured by exclusive second charge on all Movable and Immovable Properties except book debts of the Company situated at Kattur Unit, Tamil Nadu. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018 Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lakhs. Balance installments 2.

Rs.29.20 lakhs (P.Y 58.40 lakhs) of which Rs.Nil under long term borrowing and Rs.29.20 lakhs under current maturity secured by bank Guarantee Repayment in 4 Annual Equal installments starting from April 2014 to April 2017. Balance installments 1. Rate of Interest 4% p.a. Amount of each installment Rs.29.20 lakhs.

Rs 68.20 lakhs (P.Y Rs.136.40 lakhs) of which Rs.Nil under long term borrowing and Rs.68.20 lakhs under current maturity. Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments 1. Rate of Interest 4% p.a. Amount of each installment Rs.68.20 lakhs.

Rs 114.13 lakhs (P.Y Rs.159.78 lakhs) of which Rs.68.48 lakhs under long term borrowing and Rs.45.65 lakhs under current maturity. Repayment 8 half yearly installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 5 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs.22.83 lakhs.

Rs 297 lakhs (P.Y Rs.297 lakhs) of which Rs.222.75 lakhs under long term borrowing and Rs.74.25 lakhs under current maturity. Repayment 8 half yearly installments starting from June 2017 to December 2020. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.37.12 lakhs.

Rs 243 lakhs (P.Y Rs.243 lakhs) of which Rs.212.63 lakhs under long term borrowing and Rs.30.38 lakhs under current maturity. Repayment 8 half yearly installments starting from January 2018 to July 2021. Secured by Paripassu first charge on land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs.30.38 lakhs.

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

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

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
5	Deferred Tax Liability / (Asset)		
	Deferred Tax Liability		
	Timing difference on depreciation of Fixed Assets	3,038.59	3,473.36
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(30.91)	(34.70)
	Provision for Diminution in value of current investments	(18.82)	(23.90)
	Carry Forward Depreciation loss	(720.52)	(1,071.19)
	Deferred Tax Liability (Net)	Total 2,268.34	2,343.57
6	Other Long-term Liabilities		
	Trade payables	21.09	11.34
	Gratuity	49.41	16.15
	Compensated absences	-	6.59
	Interest accrued but not due on Loans	246.52	586.53
	Other payables and Deposits	33.18	31.30
	Total	350.20	651.91
	Current Liabilities		
7	Short-Term borrowings - Secured		
	Loans repayable on demand from banks*	5,898.75	4,531.79
	Total	5,898.75	4,531.79
	*Cash Credit from Indian Bank for Rs 5898.75 lacs (P.Y Rs.4531.79 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. *Includes adhoc loan I tranche from Indian Bank for Rs 1000 lakhs (P.Y Rs.Nil) 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. Repayable within 90 days from 04th March 2017. *Includes adhoc loan II tranche from Indian Bank for Rs 1000 lakhs (P.Y Rs.Nil) 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. Repayable within 90 days from 28th March 2017.		
8	Trade payables	4,667.85	2,959.42
	Total	4,667.85	2,959.42
9	Other Current Liabilities		
	Current maturity of long term debt	3,223.86	3,616.84
	Current maturity of interest accrued but not due on borrowings	255.69	207.59
	Statutory Remittances	282.10	219.15
	Advances from Customers	226.03	63.11
	Others (Excise duty,Salaries,contracts)	1,699.20	1,036.14
	Total	5,686.88	5,142.83
10	Short- term Provisions(Empolyee Benefits)		
	Gratuity	6.86	4.59
	Superannuation	-	6.15
	Compensated absences	43.83	35.79
	Bonus & Exgratia	45.46	41.70
	Total	96.15	88.23

NOTES FORMING PART OF FINANCIAL STATEMENTS

11. Fixed Assets

₹ in lakhs

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2016	Additions	Disposals	As at 31.03.2017	As at 31.03.2016	For the Year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets										
Land	376.17	3.07	-	379.24	-	-	-	-	379.24	376.17
Buildings	4,456.49	43.10	-	4,499.59	1,745.77	251.78	-	1,997.55	2,502.04	2,720.44
Plant and Equipment	34,666.07	909.04	-	35,575.11	18,474.96	1,155.06	-	19,630.02	15,945.08	16,062.74
Furniture and Fixtures	241.91	2.90	-	244.81	193.36	10.20	-	203.56	41.25	26.42
Vehicles	331.02	138.75	33.93	435.84	178.31	45.84	31.93	192.2	243.62	293.49
Total	40,071.66	1,096.86	33.93	41,134.59	20,592.4	1,462.88	31.93	22,023.35	19,111.23	19,479.26
Previous year	40,041.59	43.42	13.34	40,071.67	19,140.80	1,463.70	12.10	20,592.40	19,479.26	20,900.78
(ii) Intangible assets										
Computer Software	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Total	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Previous year	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
12	Non-Current Investments		
	Non-Trading Investments	1,309.65	1,309.65
	Less : Provision for Diminution	1,280.60	1,280.60
	[Refer Note no 15 (a)]		
	Total	29.05	29.05
	Investments in Equity instruments	28.99	28.99
	Investments others	0.06	0.06
	Total	29.05	29.05
13	Long Term Loans And Advances		
	Security deposits		
	Others (Electricity,Caution,Rental etc.)(Unsecured,considered good)	153.14	326.57
	Loans and advances to related parties		
	Doubtful {Kothari Bio-tech - Associate}	11.22	21.22
		164.36	347.79
	Less: Provision for doubtful loans and advances	11.22	21.22
	(a)	153.14	326.57
	Other loans and advances - Income Tax net of provision respectively.]	(b)	41.58
	Total (a+b)	194.72	580.36
14	Other Non-Current Assets		
	Advance to Suppliers	1.08	0.84
	Others (Interest on bonds,Subsidy etc.)	75.48	59.75
	Total	76.56	60.59
15	CURRENT ASSETS		
	<u>Current Investments</u>		
	Investments in Equity instruments	82.32	110.03
	Investments in Mutual funds	1,228.56	1,120.18
	Investments in Bonds/Debentures	592.87	592.87
	Less : Provision for Diminution	54.37	69.02
	[Refer Note no 15 (b)]		
	Refer note 1 (e) for method of valuation		
	Total	1,849.38	1,754.06

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.17 Qty.	As at 31.03.16 Qty.	Particulars	Category	As at 31.03.17	As at 31.03.16
Note - 15 (a)		NON-CURRENT INVESTMENT AT COST			
1,20,19,000	1,20,19,000	Associate Companies - Equities (Fully paid up)-Quoted	Non-Trading		
		KOTHARI PETROCHEMICALS LTD. OF Rs.10/- EACH		1,201.90	1,201.90
		Less: Diminution in Value of Investments		(1,178.60)	(1,178.60)
		Total		23.30	23.30
5,000	5,000	Equities - Others (Fully paid up) - Quoted	Non-Trading		
		GUJARAT PETROSYNTHESIS LTD (Rs.10/- EACH)		2.50	2.50
		Less: Diminution in Value of Investments		(2.00)	(2.00)
		Total		0.50	0.50
50,000	50,000	Equities - Others (Fully paid up) - Unquoted	Non-Trading		
		BIO- TECH CONSORTIUM LTD (Rs.10/- EACH)		5.00	5.00
2,086	2,086	Equities - Others (Fully paid up)-Unquoted	Non-Trading		
		KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES		0.20	0.20
		CO-OPERATIVE SOCIETY LTD OF Rs.10/- EACH.			
		Government Securities	Non-Trading		
		INDIRA VIKAS PATRA		0.05	0.05
9,99,950	9,99,950	Subsidiary Companies -Equities (Fully paid up) Unquoted	Non-Trading		
		KOTHARI INTERNATIONAL TRADING LTD - Rs.10/- EACH		99.99	99.97
		Less: Diminution in Value of Investments		(99.99)	(99.99)
		Total		-	-
20	20	Joint control Companies - Equities (Fully paid up)-Unquoted	Non-Trading		
		KOTHARI BIO-TECH LTD - Rs.10/- EACH		0.003	0.003
		Less: Diminution in Value of Investments		(0.002)	(0.002)
		Total		0.001	0.001
		TOTAL Non-Current Investment (Net)		29.05	29.05
		Aggregate of :			
		Quoted non-current investments at cost		1,204.40	1,204.40
		Market Value of Quoted non-current Investments		2,705.24	2,194.20
		Unquoted non-current investments at cost		105.24	105.24
		Provision for diminution in value of investments		1,280.60	1,280.60
Note - 15 (b)		CURRENT INVESTMENT AT COST			
		(Valued at lower of cost and market value)			
		Investment in Mutual Funds (Quoted)			
-	52,604	SBI MAGNUM COMMA FUND	Trading	-	10.00
93,528	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	25.00	25.00
-	48,424	BIRLA SUN LIFE CASH PLUS	Trading	-	117.71
-	5,098,663	IDFC DYNAMIC BOND FUND	Trading	-	560.44
-	3,154	RELIANCE LIQUID FUND - CASH PLAN	Trading	-	77.03
2,000,000	2,000,000	HDFC FMP 1107D	Trading	200.00	200.00
1,300,000	1,300,000	RELIANCE FIXED HORIZON FUND (SERIES 17)	Trading	130.00	130.00
2,000,000	-	RELIANCE FIXED HORIZON FUND (SERIES 36)	Trading	200.00	-
1,000,000	-	ICICI PRUDENTIAL FMP	Trading	100.00	-
1,000,000	-	HDFC FMP 1113D	Trading	100.00	-
268,914	-	HDFC FMP 1199D	Trading	26.89	-
1,930,875	-	IDFC CORPORATE BOND FUND	Trading	200.00	-
2,009,327	-	IDFC ULTRA SHORT TERM FUND	Trading	211.67	-
350,000	-	IDFC CREDIT OPPORTUNITIES FUND	Trading	35.00	-
		Total Current Investments at cost		1,228.56	1,120.18
		Less: Provision for diminution in value of Investments		4.88	9.99
		Net Current Investments		1,223.68	1,110.19

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.17 Qty.	As at 31.03.16 Qty.	Particulars	Category	As at 31.03.17	As at 31.03.16
		<u>Equity - Others (Fully Paid) Quoted</u>			
2,500	2,500	BHARAT HEAVY ELECTRICALS LIMITED (Rs.2 EACH)Trading	10.86	10.86	
290	290	BGR ENERGY SYSTEMS LIMITED (Rs.10 EACH)	Trading	1.97	1.97
4,600	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. EACH)	Trading	2.86	2.86
1,000	1,000	IDFC Ltd. (Rs.10 EACH)	Trading	2.11	2.11
-	1,000	INDIAN HOTELS (Re.1 EACH)	Trading	-	1.26
5,000	5,000	RELIANCE COMMUNICATIONS LIMITED (Rs.5 EACH)	Trading	20.34	20.34
-	2,350	RELIANCE INDUSTRIES LTD (Rs.10 EACH)	Trading	-	26.44
450	450	RELIANCE INFRASTRUCTURE LIMITED (Rs.10 EACH)	Trading	4.42	4.42
4,375	4,375	RELIANCE POWER LTD (Rs.10 EACH)	Trading	12.37	12.37
1,800	1,800	SINTEX INDUSTRIES LIMITED (Re.1 EACH)	Trading	3.20	3.20
19,380	19,380	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	24.19	24.19
		Total Current Investments at cost		82.32	110.02
		Less: Provision for diminution in value of Investments		49.49	59.02
		Net Current Investments		32.83	51.00
		Investment in NCD / Bonds (Quoted)			
30	30	TATA MOTORS FINANCE LIMITED Trading	300.00	300.00	
10000	10,000	IFCI LIMITED Trading	100.00	100.00	
1,500	1,500	NABARD Trading	192.87	192.87	
		Total	592.87	592.87	
		Aggregate of :			
		Current investments at cost (Quoted)		1,903.75	1,823.08
		Market Value current investements (Quoted)		1,849.38	1,754.06
		Dimunition in value of current investments		54.37	69.02

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
16	Inventories		
	Raw materials and packing materials	144.64	146.13
	Work in progress	291.70	411.00
	Finished goods	13,270.67	10,391.21
	Stores and spares	677.60	668.60
	Total	14,384.61	11,616.94
	Refer note 1(f) for method of valuation		
17	Trade Receivables		
	(Unsecured, Considered good)		
	For a period exceeding six months	80.74	80.78
	Others	1,317.80	847.64
	Total	1,398.54	928.42
18	Cash and bank balances		
	Cash on hand	2.05	1.70
	Balances with Bank - in current accounts	119.99	386.37
	Fixed Deposit with Banks	10.93	1,095.62
	Total (a)	132.97	1,483.70
	Other Bank Balances		
	Balances held as margin money or security against borrowings, guarantees and other commitments	136.03	168.98
	Unpaid Dividend- Held in separate Bank account	4.42	4.43
	Total (b)	140.45	173.41
	Total (a+b)	273.42	1,657.11
19	Short Term Loans And Advances		
	(Unsecured and considered good)		
	Balances with government authorities		
	CENVAT credit receivable	210.59	219.55
	Service Tax credit receivable	12.35	15.54
	VAT credit receivable	2.79	4.33
	Others (Balance with State excise/PLA etc.)	11.56	6.12
	Prepaid Expenses	64.05	72.80
	Advance to Suppliers	54.43	91.82
	Other loans and advances (Employee advances etc.)	162.43	147.13
	Others (Related party - considered good)	-	10.45
	Total	518.20	567.74
20	Other Current Assets		
	Other Receivables (Interest accrued on NCD, recovery from Ryots)	101.19	137.32
	Total	101.19	137.32

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
21	Revenue from Operations		
	Sale of products		
	Sugar	22,984.20	17,609.45
	Industrial Alcohol	7,593.67	6,205.71
	Electric Power	1,570.32	1,150.78
	Bagasse	371.91	87.48
	Others (Biocompost, CO ₂ , cane inputs etc.)	238.26	244.49
	Other Operating revenues	179.42	120.66
	Total	32,937.78	25,418.57
22	Other Income		
	Interest Income		
	- From Bank Deposits and other investments	74.63	77.35
	- Others (TNEB, IT refund)	37.28	12.14
	Dividend Income from Current Investments		
	- Others (Shares & Mutual funds)	0.34	47.37
	Dividend Income from Associate	30.05	240.38
	Net gain on sale of current investments	42.39	64.47
	Other Non-Operating Income		
	- Other Miscellaneous income	46.14	94.69
	- Rental Income	36.48	34.20
	- Profit on sale of assets	2.99	1.71
	- Accretion in value of investments	14.65	-
	- Liability no longer required written back	22.83	95.52
	Total	307.78	667.83
	EXPENSES		
23	Cost of Materials Consumed		
	Raw Material		
	Sugarcane	21,438.09	17,389.39
	Coal	2.21	1.63
	Others (Molasses, Bagasse etc.)	2,806.59	1,584.02
	Chemical and Others	365.15	334.83
	Packing	300.92	362.34
	Total	24,912.94	19,672.21

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
24	Changes in Inventories of Finished Goods, Work-in-progress		
	Opening Stock		
	Finished Goods		
	Sugar	9,414.25	7,582.50
	Molasses	662.74	771.93
	Industrial Alcohol	314.22	199.58
	Work in progress		
	Sugar	399.08	304.12
	Molasses	11.91	11.72
	Total (a)	10,802.20	8,869.85
	Closing Stock		
	Finished Goods		
	Sugar	12,354.78	9,414.25
	Molasses	592.79	662.74
	Industrial Alcohol	323.10	314.22
	Work in progress		
	Sugar	283.85	399.08
	Molasses	7.86	11.91
	Total (b)	13,562.38	10,802.20
	(Increase) / Decrease over the previous year	Total (a-b)	
		(2,760.18)	(1,932.35)
	Add: Excise duty adjustment for movement in Finished goods inventory	220.09	248.60
	Net change (Increase) / Decrease	(2,540.09)	(1,683.75)
25	Employee Benefits Expense		
	Salaries and Wages	1,492.90	1,369.94
	Contribution to Provident and Other Funds	187.29	119.92
	Staff Welfare Expenses	95.57	74.80
	Total	1,775.76	1,564.66
26	Finance Cost		
	Interest Expense	697.09	659.11
	Other Borrowing Costs	23.27	49.48
	Total	720.36	708.59
27	Depreciation and amortization expense	1,462.88	1,463.70

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
28	Other Expenses		
	Consumption of stores and spare parts	802.92	671.46
	Power and Fuel	712.82	746.83
	Rent	27.80	19.72
	Repairs-Buildings	52.74	70.93
	Repairs-Machinery	560.34	298.39
	Repairs-Others	95.93	68.32
	Biocompost	83.79	80.02
	Insurance	88.09	82.21
	Rates and Taxes	169.11	152.72
	Excise duty expunged	475.25	379.75
	Freight & Clearing Expenses	296.72	242.50
	Directors Sitting fees	5.05	5.45
	Auditor's Remuneration		
	-Statutory Audit	4.00	3.50
	-Limited Audit review	1.50	1.20
	Travelling Expenses	71.93	19.60
	Conveyance	3.04	2.33
	Professional Fees	65.35	36.39
	Commission	30.22	22.55
	Provision for Diminution in value of Investments	-	7.46
	CSR expenditure	2.09	15.27
	Administration Expenses	319.58	375.15
	Bad Debts	-	3.02
	Miscellaneous Expenses	24.11	18.66
	Total	3,892.38	3,323.43
29	Exceptional items (Debit)		
	Electricity Matters	1,199.64	-
	Total	1,199.64	-
	Exceptional items (Credit)		
	Tariff revision	577.29	-
	Total	577.29	-
	Exceptional items (Net)	622.35	-
	Exceptional debit of Rs.622.35 lakhs represents the balancing figure between an income of Rs.577.29 lakhs on account of Electricity Tariff revision and an expenditure of Rs.1199.64 lakhs on electricity matters.		

30. Employee Benefits
a) Earned Leave

The practice of actuarially valuing un-availed leave for section of employees considering them as long term benefit and providing for the same followed till last year has been discontinued from current year. However, adequate provision for earned leave has been considered in the books of accounts.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(b) **Gratuity**

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

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

The following table sets forth the status of the Gratuity plans of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account.

₹ in lakhs

Particulars	Gratuity Plan	
	2016-17	2015-16
Basic actuarial assumptions		
Mortality Table	Indian Assured Lives (2006 – 08) Ultimate	Indian Assured Lives (2006 – 08) Ultimate
Date of Valuation	31-03-2017	31-03-2016
Rate of Discount (p.a)	7.27%	7.80%
Rate of Salary Escalation	6.50%	6.50%
Employee Attrition Rate due to reasons other than death or retirement	2.00%	2.00%
Rate of Return on Plan Assets	8.50%	8.75%
Projected benefit obligation at the beginning of the period	326.64	346.60
Current service cost	82.30	10.50
Interest cost	25.08	26.18
Actuarial loss / (gain)	6.08	(5.97)
Benefits paid	(41.13)	(50.67)
Projected benefit obligation at the end of the period	398.95	326.64
Amounts recognized		
Projected benefit obligation at the end of the period	398.95	326.64
Fair value of plan assets at end of the period	326.62	309.19
Liability to be recognized	72.33	17.45
Cost for the period		
Current service cost	82.30	10.50
Interest cost	25.08	26.18
Expected return on plan assets	(25.85)	(25.92)
Net actuarial (gain)/loss recognized in the period	4.26	(3.90)
Total	85.78	6.86
Less: Share of contribution from Associate Company	(29.51)	(2.26)
Net Cost recognized in Profit & Loss account.	56.27	4.60

31. (a) **Contingent Liabilities :-**

₹ in lakhs

Particulars	2016-17	2015-16
Claims not acknowledged by the Company		
Customs	73.39	73.39
Central Excise	680.03	680.11
Electricity matters	838.76	1,967.35
Urban Land tax	19.25	48.48
Total	1,611.43	2,769.33

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

(b) Capital Commitment

Particulars	2016-17	2015-16
Building	0.31	-
Computer/Software	2.24	-
Machinery/Equipments	28.25	-
Total	30.80	-

32. Notes Relating to Segment
i) Business Segments

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

Sugar, Power generation and Distillery.

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

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

ii) Geographical Segments

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

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

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

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

Refer Separate workings on Segment results-at page no.67

33. Related Party Disclosures

Refer Separate workings on Related Party Transactions-at page no.68

34. Earnings per Share

	2016-17	2015-16
Net Profit after Tax ₹ in lakhs	947.11	117.72
No. of Equity Shares of Rs. 10/- each	82,888,580	82,888,580
Earning per Share (Basic & Diluted) (Rs.)	1.14	0.14

35. Rental Income

A sum of Rs.36.48 lakhs (Previous Year Rs.34.20 lakhs) has been considered as rental Income from property.

36. Operating Lease

A sum of Rs.27.80 lakhs (Previous Year Rs.19.72 lakhs) has been debited to Rent account, being the rent paid on premises which has been taken on lease

NOTES FORMING PART OF FINANCIAL STATEMENTS**37. Foreign Exchange earnings and outgo**

₹ in lakhs

S.No.	Particulars	2016-17	2015-16
(i)	Total Foreign Exchange earned	Nil	Nil
(ii)	Total Foreign Exchange outflow	35.22	0.92

38. Value of Imported and Indigenous Raw & Packing materials

	31-03-2017		31-03-2016	
Item	Quantity (MT)	Value (Rs.in lakhs)	Quantity (MT)	Value (Rs.in lakhs)
Sugarcane*	789,583	21,438.09	710,308	17,389.39
Coal	45	2.21	33	1.63
Molasses	45,374	2,284.16	30,680	1,456.30
Chemical,Packing etc.		1,188.48		824.89
Total		24,912.94		19,672.21
Of the above				
-Imported	-	-	-	-
-Indigenous	100%	24,912.94	100%	19,672.21
Total		24,912.94		19,672.21

*Sugarcane cost includes a sum of Rs.391.80 lakhs towards additional cane cost and a sum of Rs.178.10 lakhs towards fixation of additional cane price under clause 5A of the Sugarcane (Control) Order 1966, both relating to earlier years, but crystallized during the year.

39. Quantitative details relating to Finished Goods.

₹ in lakhs

Particulars	Unit	31-03-2017		31-03-2016	
		Quantity	Value (net of ED & VAT)	Quantity	Value (net of ED & VAT)
Sugar :					
Opening Stock	Quintals	292,588	-	303,908	-
Production		706,205	-	652,915	-
Sales		623,110	21,769.14	664,235	16,876.74
Closing Stock		375,683	-	292,588	-
Molasses :					
Opening Stock	MT	21,599	-	26,355	-
Production		36,555	-	30,469	-
Purchase		45,374	-	30,680	-
Sales		-	-	-	-
Consumption		74,076	-	65,904	-
Closing Stock		29,452	-	21,600	-
Power:					
Opening Stock	Kwh	-	-	-	-
Production		70,693,626	-	63,391,900	-
Purchase		5,330,093	-	4,413,592	-
Sales		35,912,701	1,570.32	32,342,446	1,150.78
Captive use		40,111,018	-	35,463,046	-
Closing Stock		-	-	-	-
Industrial Alcohol :					
Opening Stock	KLs	1,490	-	810	-
Production		17,110	-	15,750	-
Sales		16,852	7,558.90	15,070	6,186.45
Closing Stock		1,748	-	1,490	-

NOTES FORMING PART OF FINANCIAL STATEMENTS
40. Details of Specified Bank Notes (SBN's) held and transacted during the period from 8.11.2016 to 30.12.2016

Amount in ₹

	SBNs	Other denomination notes	Total
	Indian Bank		
Closing cash in hand as on 8.11.2016	1,18,000	31,534	1,49,534
(+) Permitted Receipts	44,000	11,02,019	11,46,019
(-) Permitted Payment	19,000	7,16,660	7,35,660
(-) Amount deposited in Bank	1,43,000	50,239	1,93,239
Closing cash in hand as on 30.12.2016	-	3,66,654	3,66,654

41. Amount spent on CSR during the year

The amount required to be spent on CSR (Corporate Social Responsibility) as calculated in accordance with section 198 of the Companies Act, 2013 was Rs.2.09 lakhs.

₹ in lakhs

Particulars	31.03.2017	31.03.2016
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.09	15.27
Total	2.09	15.27

42. Remuneration / Fee paid to Statutory Auditors

₹ in lakhs

Sl. No.	Description of the Service	2016-17	2015-16
(a)	Statutory Audit of Accounts	4.00	3.50
(b)	Limited Audit Review	1.50	1.20
(c)	VAT Audit	0.40	0.40
(d)	Certification - Others	-	0.05
	Total	5.90	5.15

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

For and on behalf of the Board

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

Arjun B Kothari
 Managing Director

P.S.Gopalakrishnan
 Director

N.Krishnamurthy
 Partner

Place : Chennai
 Date : May 30, 2017

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

Segment Information (Note - 32)

a) Primary segment reporting (by Business Segments)

(i) The Parent 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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Segment Revenues	24,726.49	19,527.60	4,016.52	2,942.05	7,747.44	6,410.23	36,490.44	28,879.88
Segment Results	(964.22)	(1,878.05)	(339.53)	(746.88)	2,744.62	2,725.08	1,440.86	100.15
Segment Assets	21,233.76	21,302.03	4,800.21	4,624.85	7,041.20	7,140.40	33,075.16	33,067.28
Segment Liabilities	22,197.98	23,180.07	5,139.74	5,371.73	4,296.58	4,415.32	31,634.31	32,967.13
Capital Expenditure	163.52	34.43	93.99	4.54	685.26	4.45	942.77	43.41
Depreciation	651.77	676.28	552.50	545.55	216.30	206.29	1,420.57	1,428.12

₹ in lakhs

Reconciliation of reportable segments with the financial statements:

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Total Reportable Segment	36,490.44	28,879.88	1,440.86	100.15	33,075.16	33,067.28	31,634.31	32,967.13	1,096.86	43.41	1,420.57	1,428.12
Corporate-Unallocated	-	-	(714.65)	(403.50)	8,544.49	9,607.46	9,038.24	9,589.89	-	-	42.30	35.57
Inter Segment	(4,764.98)	(4,222.31)	-	-	-	-	-	-	-	-	-	-
Other revenues	257.64	667.84	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	(35.93)	(0.05)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	256.83	421.12	-	-	-	-	-	-	-	-
Total	31,983.11	25,325.41	947.11	117.72	41,619.66	42,674.73	40,643.55	42,557.02	1,096.86	43.41	1,462.88	1,463.70

(b) Secondary Segment Information

₹ in lakhs

Particulars	2016-17		2015-16	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	36,490.44	-	28,879.88	-
2. Carrying amount of Segment Assets	33,075.16	-	33,067.28	-
3. Additions to Fixed / Intangible Assets	1,096.86	-	43.41	-

Related Party Disclosures (Note - 33)

Related party disclosures - As identified by the Management and relied upon by the Auditors

(i) Parties with Significant influence

(Direct and Indirect)

Holding Company

Parvathi Trading & Finance Co. Pvt. Ltd.

Associate

Kothari Petrochemicals Ltd.

Joint control

Century Foods Pvt. Ltd.

Joint control

Kothari Safe Deposits Ltd.

Joint control

Kothari Biotech Ltd.

Regd. Public Trust

HCK Educational and Development Trust

Wholly owned subsidiary

Kothari International Trading Limited

(ii) Key Management Personnel

Managing Director

Mr.Arjun B. Kothari

(iii) Relative of Key Management Personnel

Chairperson

Mrs.Nina B. Kothari

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)															
	Parvathi Trading & Finance Co.Pvt. Ltd		Kothari Petrochemicals Limited		Centurty Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Biotech Limited		HCK Educational and Development Trust		Kothari International Trading Limited		Chairperson & Director (Mrs.Nina B Kothari)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent	-	-	-	-	21.43	17.76	-	-	-	-	-	-	-	-	-	-
Electricity charges	-	-	-	-	3.78	3.98	1.41	1.27	-	-	-	-	-	-	-	-
Travel and other reimbursements	-	-	47.90	42.18	-	-	4.30	4.14	-	-	-	-	7.44	9.92	-	-
Other receipts (AMC,Techfee etc.)	-	-	153.80	126.50	-	-	-	-	10.00	-	-	-	-	55.51	-	-
Purchase of water	-	-	-	-	-	-	-	0.38	-	-	-	-	-	-	-	-
Material purchased	-	-	-	0.72	-	-	-	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80	1.00
CSR expenditure	-	-	-	-	-	-	-	-	-	-	2.09	15.27	-	-	-	-
Loans and Advances	-	-	-	-	-	-	-	-	11.22	21.22	-	-	-	10.45	-	-
Term Loans	(821.20)	(821.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,533.44)	(1,533.44)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

We have audited the accompanying Consolidated financial statements of Kothari Sugars and Chemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), its associate which comprise of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, associate as at 31st March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements / financial information of Kothari International Trading Limited (subsidiary) whose financial statements reflect total assets of Rs. 47.60 Lakhs as at 31st March, 2017, total revenues of Rs. 63.73 Lakhs and net increase in cash flows amounting to Rs. 7.39 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Financial Statements also include the Group's share of net profit of Rs. 119.24 Lakhs for the year ended 31st March 2017, as considered in the financial statements in respect of Kothari Petrochemicals Ltd. (associate) whose financial statements / financial information have been audited by us.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) The Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act with regard to matters specified in paragraphs 3 and 4 of the Order is not applicable to the aforesaid Consolidated Financial Statements.
- 2) As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representation received from the directors of the Holding company as on 31st March 2017 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditor of its subsidiary company and associate company, none of the directors of the group companies, its associates are disqualified as on 31st March 2017 from being appointed as directors in terms of section 164(2) of the act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and its subsidiary, its associates and the operating effectiveness of such controls refer to our separate report in Annexure "A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice—refer note 31 to the consolidated financial statements.
 - (ii) The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There has been no amount required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India.
 - (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 37

For **R.Subramanian and Company LLP**
Chartered Accountants
FRN:004137S/S200041

Place : Chennai
Date : 30th May 2017

N. Krishnamurthy
Partner
M.No: 019339

Annexure - A to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kothari Sugars and Chemicals Limited (hereinafter referred to as "the Holding Company") as of 31st March 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding company its subsidiary Company and its associate company, which are a companies incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For **R.Subramanian and Company LLP**

Chartered Accountants

FRN:004137S/S200041

Place : Chennai

Date : 30th May 2017

N. Krishnamurthy

Partner

M.No: 019339

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017
₹ in lakhs

	Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1)	Shareholders' funds			
	a) Share Capital	2	8,288.86	8,376.36
	b) Reserves and surplus	3	5,665.77	4,689.44
			13,954.63	13,065.80
2)	Non-Current liabilities			
	a) Long-term borrowings	4	6,273.99	9,220.99
	b) Deferred tax liabilities (Net)	5	2,268.34	2,343.57
	c) Other Long term liabilities	6	350.20	663.60
			8,892.53	12,228.16
3)	Current liabilities			
	a) Short-term borrowings	7	5,898.75	4,531.79
	b) Trade payables	8	4,667.85	2,959.42
	c) Other current liabilities	9	5,688.00	5,143.48
	d) Short-term provisions	10	96.15	88.23
			16,350.75	12,722.92
	TOTAL		39,197.91	38,016.88
II	ASSETS			
1)	Non-current assets			
	a) Property, Plant and Equipement			
	i) Tangible	11	19,111.23	19,479.26
	ii) Intangible		1.70	1.70
	iii) Capital work-in-progress		37.99	1.01
	b) Non-current investments	12	1,209.65	1,209.65
	c) Long-term loans and advances	13	194.15	579.58
	d) Other non-current assets	14	76.56	60.59
			20,631.28	21,331.79
2)	Current assets			
	a) Current investments	15	1,849.38	1,754.06
	b) Inventories	16	14,384.61	11,616.93
	c) Trade receivables	17	1,398.54	928.42
	d) Cash and cash equivalents	18	313.83	1,690.12
	e) Short-term loans and advances	19	519.08	557.29
	f) Other current assets	20	101.19	138.27
			18,566.63	16,685.09
	TOTAL		39,197.91	38,016.88
	Significant Accounting Policies & Notes to Accounts	1-39		

For and on behalf of the Board

for R.Subramanian and Company LLP
Chartered Accountants

Arjun B Kothari
Managing Director

P.S.Gopalakrishnan
Director

N.Krishnamurthy
Partner

Place : Chennai
Date : May 30, 2017

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017 ₹ in lakhs

	Particulars	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
I	Revenue from Operations (Gross)	21	32,937.78	25,418.57
	Less: Excise Duty		1,262.45	760.99
	Revenue from operations (net)		31,675.33	24,657.58
II	Other Income	22	371.51	706.48
III	Total Revenue (I+II)		32,046.84	25,364.06
IV	Expenses:			
	(a) Cost of materials consumed	23	24,912.94	19,672.21
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	(2,540.09)	(1,683.74)
	(c) Employee benefits expense	25	1,794.42	1,582.09
	(d) Finance costs	26	720.82	708.88
	(e) Depreciation and amortization expenses	27	1,462.88	1,463.70
	(f) Other expenses	28	3,900.89	3,333.66
	Total		30,251.86	25,076.80
V	Profit before exceptional and extraordinary items and tax (III-IV)		1,794.98	287.25
VI	Exceptional items	29	622.35	-
VII	Profit before tax (V-VI)		1,172.63	287.25
	Add: Share of Profit before exceptional income in Associate		119.24	187.59
VIII	Less : Tax expense			
	(a) Tax expense of current year		250.25	15.20
	(b) Tax expenses of earlier years		21.28	-
	(c) Deferred tax		(75.23)	156.27
			196.30	171.47
IX	Profit for the year (VII-VIII)		1,095.57	303.37
X	Earnings per equity share			
	1) Basic		1.32	0.37
	2) Diluted		1.32	0.37
	Significant Accounting Policies & Notes to Accounts	1-39		

For and on behalf of the Board

 for R.Subramanian and Company LLP
 Chartered Accountants

Arjun B Kothari
 Managing Director

P.S.Gopalakrishnan
 Director

N.Krishnamurthy
 Partner

 Place : Chennai
 Date : May 30, 2017

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2017 ₹ in lakhs

	Particulars	As at 31.03.2017	As at 31.03.2016
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) before tax (Including share of profits from Associates)	1,291.86	474.84
	Adjustments for :		
	Depreciation	1,462.88	1,463.70
	Interest Income	(112.70)	(90.56)
	Dividend Income from Associate	(30.05)	(240.38)
	Bad Debts	-	3.42
	Liability no longer required written back	(22.83)	(95.52)
	Provision for Compensated absences	43.83	35.79
	Finance Cost	720.82	708.88
	Provision for Diminution / (accretion) in value of Investments	(14.65)	7.46
	Loss on Sale of assets (Vehicles)	(2.99)	(1.71)
	Loss / (Gain) on sale of Investments	(42.39)	(65.87)
	Income from Mutual Fund Investment	(0.34)	(47.53)
	Adjustments for reserves - Associate	(119.24)	(187.59)
		1,882.34	1,490.10
	Operating Profit before Working Capital changes	3,174.20	1,964.94
	(Increase) / Decrease in Trade Receivables	(470.12)	(113.38)
	(Increase) / Decrease in Other Receivables	698.50	125.87
	(Increase) / Decrease in Inventories	(2,767.68)	(1,682.27)
	Increase / (Decrease) in Trade Payables and Other Payables	2,145.80	2,263.02
		(393.50)	593.24
	Cash Generation from Operations	2,780.70	2,558.18
	Less: Income Tax Paid	220.78	21.89
	Net Cash Generation from Operating Activities - (A)	2,559.91	2,536.29
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Capital Expenditure	(1,133.84)	(43.86)
	Proceeds from sale of Investments (net)	(80.67)	47.15
	Interest Received	112.70	90.56
	Dividend Income from Associate	30.05	240.38
	Consideration for Sale of Fixed assets	4.99	2.95
	(Loss) / Gain on sale of Investments	42.39	65.87
	Income from Mutual Fund Investment	0.34	47.53
	Net Cash from Investing activities - (B)	(1,024.03)	450.58
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Redemption of Preference Share Capital	(87.50)	(350.00)
	Proceeds from Term loan Borrowings	-	2,148.00
	Proceeds/(Repayment) from short term borrowings	1,366.96	323.68
	Repayment of Borrowings	(3,437.84)	(3,616.84)
	Finance Cost	(720.82)	(708.88)
	Net Cash used in Financing activities - (C)	(2,879.20)	(2,204.05)
	Net Increase / (Decrease) in Cash and Cash equivalents A+B+C	(1,343.32)	782.82
	Cash and Cash equivalents at the beginning of the year	1,516.71	733.89
	Cash and Cash equivalents at the close of the year (Ref.Note 18)	173.38	1,516.71
		1,343.32	(782.82)

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 LLP
 Chartered Accountants

Arjun B Kothari
 Managing Director

P.S.Gopalakrishnan
 Director

N.Krishnamurthy
 Partner

 Place : Chennai
 Date : May 30, 2017

R.Prakash
 Company Secretary

R.Krishnan
 Chief Financial Officer

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

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

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

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

The consolidated financial statements of the Company and its subsidiaries (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/ Companies Act, 1956 (“the Act 1956”), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Principles of consolidation

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

1. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent i.e. 31 March, 2017.
2. The Consolidated Financial Statements of the Company and its subsidiary company have been prepared in accordance with the Accounting Standard 21 (AS-21) “Consolidated Financial Statements”, on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and resulting unrealized profits or losses, unless cost cannot be recovered. In respect of its associate the investor's (KSCL) share of results of operations has been dealt with in the statement of Profit and Loss account.
3. Following subsidiary and associate company have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relationship	Percentage of holding and voting power	
		As at 31 March, 2017	As at 31 March, 2016
KITL	Subsidiary	100	100
KPL	Associate	20.42	20.42

(b) USE OF ESTIMATES

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

(c) PROPERTY, PLANT AND EQUIPMENTS AND DEPRECIATION

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

(d) FOREIGN CURRENCY TRANSACTION

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

(e) INVESTMENTS

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

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

(f) INVENTORIES

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

(g) CASH AND CASH EQUIVALENTS

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

(h) REVENUE RECOGNITION

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

(i) EMPLOYEE BENEFITS

Defined Contribution Plans

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

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 un-availed leave for all employees is considered as short term benefits and provided accordingly in the books of accounts.

The practice of actuarially valuing un-availed leave for section of employees considering them as long term benefit and providing for the same followed till last year has been discontinued from current year.

(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 AND CONTINGENT LIABILITIES

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

(n) BORROWING COSTS

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

(o) EARNINGS PER SHARE

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

(p) TAXES ON INCOME

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

(q) LEASES

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

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
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 5,81,86,610) }		
	The Company has issued only one class of Equity shares having par value of Rs.10/- each. Each holder of equity shares is entitle 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	1,200.00	1,125.00
	A	-	75.00
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Co. Pvt. Ltd) holds 8,90,000 shares}		
	The redemption is as under:		
	50 % of the face value of preference shares in 28 equal quarterly installments commenced from 17.9.2007 and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014 and ended by June 14, 2016)		
	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	200.00	187.50
	B	-	12.50
	These will be redeemed as under:		
	50 % of the face value of Preference shares in 28 equal quarterly installments commenced from 17.9.2007 and ended by 16.06.2014. The balance 50% of the face value of the preference shares in 8 equal quarterly installments commencing from 17.09.2014 and ended during June 14, 2016)		
	A+B	-	87.50
	Total	8,288.86	8,376.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
3	(a) Equity shares	No. of Shares	
	Reconciliation of number of shares		
	Balance at the beginning of the year	82,888,580	82,888,580
	Balance at the end of the year	82,888,580	82,888,580
	List of shareholders holding more than 5% of the total number of shares issued by the Company:		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) holds (70.20%) (P.Y. 70.20%) of shares.	58,186,610	58,186,610
	(b) Preference shares		
	Reconciliation of number of shares		
	Zero percent Preference shares of Rs.100/-each		
	Balance at the beginning of the year	12,00,000	12,00,000
	Balance at the end of the year	-	12,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Holding Company		
	Parvathi Trading & Finance Co. Pvt. Ltd. (Holding Company) (74.17%) (P.Y. 74.17%)	-	8,00,000
	Others		
	Federal Bank (16.67%) (P.Y. 16.67%)	-	2,00,000
	Reconciliation of number of shares		
	Zero percent Preference shares of Rs.10/-each		
	Balance at the beginning of the year	20,00,000	20,00,000
	Balance at the end of the year	-	20,00,000
	List of Preference shareholders holding more than 5% of the total number of shares issued by the Company		
	Parvathi Trading & Finance Co. Pvt. Ltd (Holding Company) (100%) (P.Y. 100%)	-	20,00,000
	(Note : In pursuant to AAIFR Order dated 17.06.2004, 12,00,000 Zero Percent Preference shares of Rs.100/- each and 20,00,000 Zero Percent Preference shares of Rs.10/- each were fully redeemed by June 2016)		
3	Reserves and Surplus	₹ in lakhs	
	Capital Redemption Reserves		
	Opening balance	1,312.50	962.50
	Add: On redemption of Preference shares	87.50	350.00
	Total (a)	1,400.00	1,312.50
	Debenture Redemption Reserve		
	(b)	750.00	750.00
	Surplus in statement of Profit and Loss		
	Opening balance	2,706.18	2,752.81
	Add: Profit for the year	1,095.57	303.37
	Less:		
	Transfer to Capital redemption reserve	87.50	350.00
	Closing Balance		
	Total (c)	3,714.24	2,706.18
	Add: Excess provision on investments in Associate	(198.47)	(79.23)
	Total (a+b+c+d)	5,665.77	4,689.44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
4	Long Term Borrowings (Secured)		
	Debentures		
	20,31,018 (P.Y. 20,31,018) Zero Coupon Bonds of Rs. 100/- each redeemable at par at the end of the 25th year (2029-2030) as per AAIFR order dated 17.06.2004	2,031.02	2,031.02
	Of the above, amount due to the Holding Company Rs.1533.43 Lacs		
	Secured by a first charge on all movable and immovable properties situated in the State of Gujarat and Kattur unit in Tamil Nadu except book debts of the company. Repayment in year 2029-30 in one single installment. Rate of Interest : Nil		
	Total (a)	2,031.02	2,031.02
	Term Loans from		
	Banks	1,467.41	3,366.95
	Sugar Development Fund	1,273.71	2,378.68
	Holding Company (Parvathi Trading & Finance Co.Pvt. Ltd.)	821.20	821.20
	Others (Ekansha Enterprises Pvt. Ltd.)	623.15	623.15
	Total	4,185.46	7,189.97
	Secured	3,562.31	6,566.82
	Unsecured	623.15	623.15
	Total (b)	4,185.46	7,189.97
	Total (a+b)	6,216.48	9,220.99
	Other Loans (Secured)		
	Vehicle Loan		
	Vehicle Loan from HDFC Bank Rs. 97.87 Lakhs (P.Y. Rs. Nil) of which Rs. 40.46 Lakhs is shown under current Liabilities "Current Maturity of Vehicle Loan". Last repayment due in August 2019. Amount of each instalment Rs. 3.40 Lakhs p.m. Balance instalments 29.		
	Rate of interest 8.71% p.a.		
	Total (c)	57.51	-
	Total (a+b+c)	6,273.99	9,220.99
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" Refer Note 9)	3,223.86	3,616.84

Term Loan from banks

Term Loan from Indian Bank Rs.821.32 lakhs (P.Y Rs.1035.64 lacs) of which Rs.607 lakhs 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 46. Rate of Interest 11.15% p.a. Amount of monthly installment Rs.17.86 lakhs.

Term Loan from Indian Bank 30.60 lakhs (P.Y Rs.62.16 lakhs) of which Rs.Nil under long term borrowings and Rs.30.60 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 12. Rate of Interest 10.90% p.a. Amount of monthly installment Rs.2.63 lakhs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Interest Free Term Loan from Indian Bank Rs.1799.03 lakhs (P.Y Rs.2737.65 lakhs) under Scheme for Extending Financial Assistance to Sugar units 2014 of which Rs.860.41 lakhs under long term borrowings and Rs.938.62 lakhs under current maturity. Repayment in 5 years with 2 year moratorium. Secured by exclusive first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance installments 23. Rate of Interest Nil. Amount of monthly installment Rs.78.22 lakhs.

Interest Free Term Loan from Indian Bank Rs.895 lakhs (P.Y. Rs.2148 lakhs) under Soft Loan scheme extended by Government of India to Sugar units during 2015 of which Rs.Nil under long term borrowings and Rs.895 lakhs under current maturity. Repayment in 2 years with 1 year interest subsidy at 10% and 1 year moratorium towards principal repayment. Secured by exclusive first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration unit. Balance installments 5. Rate of Interest 11.70% p.a. Amount of monthly installment Rs.179 lakhs.

Term Loan Sugar Development Fund

Rs. 769.86 lakhs (P.Y.Rs. 1026.48 lakhs) of which Rs. 513.24 lakhs under long term borrowings and Rs. 256.62 lakhs under current maturity secured by exclusive second charge on all movable and immovable properties except book debts of the Company situated at Kattur,Tamil Nadu. Annual repayment in 5 equal annual installments starting from September 2015 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lakhs. Balance installments 3.

Rs. 513.24 lakhs (P.Y.Rs. 769.86 lakhs) of which Rs. 256.62 lakhs under long term borrowings and Rs. 256.62 lakhs under current maturity secured by exclusive second charge on all movable and immovable properties except book debts of the Company situated at Kattur,Tamil Nadu. Annual repayment in 5 equal annual installments starting from December 2014 to December 2018. Rate of Interest 4% p.a. Amount of each installment Rs.256.62 lakhs. Balance installments 2.

Rs.344.05 lakhs (P.Y. Rs. 688.09 lakhs) of which Rs. Nil under long term borrowings and Rs.344.04 lakhs under current maturity secured by exclusive second charge on all movable and immovable properties except book debts of the Company situated at Kattur Unit, Tamil Nadu. Repayment in 10 equal half yearly installment starting from September 2013 to March 2018 Rate of Interest 4% p.a. Amount of each installment Rs.172.02 lakhs. Balance installments 2.

Rs. 29.20 lakhs (P.Y. 58.40 lakhs) of which Rs. Nil under long term borrowing and Rs. 29.20 lakhs under current maturity secured by bank Guarantee Repayment in 4 Annual Equal installments starting from April 2014 to April 2017. Balance installments 1. Rate of Interest 4% p.a. Amount of each installment Rs. 29.20 lakhs.

Rs. 68.20 lakhs (P.Y. year Rs.136.40 lakhs) of which Rs. Nil under long term borrowing and Rs. 68.20 lakhs under current maturity.Repayment 4 equal Annual installments starting from February 2015 to February 2018. Secured by Bank Guarantee. Balance installments1 . Rate of Interest 4% p.a. Amount of each installment Rs. 68.20 lakhs.

Rs. 114.13 lakhs (P.Y. year Rs.159.78 lakhs) of which Rs. 68.48 lakhs under long term borrowing and Rs. 45.65 lakhs under current maturity. Repayment 8 half yearly installments starting from February 2016 to February 2019. Secured by Bank Guarantee. Balance 5 half yearly installments. Rate of Interest 6.75% p.a. Amount of each installment Rs. 22.83 lakhs.

Rs. 297 lakhs (P.Y. year Rs.297 lakhs) of which Rs. 222.75 lakhs under long term borrowing and Rs. 74.25 lakhs under current maturity. Repayment 8 half yearly installments starting from June 2017 to December 2020. Secured by Paripassu first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration Unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs. 37.12 lakhs.

Rs. 243 lakhs (P.Y. Rs. 243 lakhs) of which Rs. 212.63 lakhs under long term borrowing and Rs. 30.38 lakhs under current maturity. Repayment 8 half yearly installments starting from January 2018 to July 2021. Secured by Paripassu first charge on Land, Buildings and Plant and Machinery and all movable properties (present and future) of the Sathamangalam sugar & cogeneration unit. Balance 8 half yearly installments. Rate of Interest 7% p.a. Amount of each installment Rs. 30.38 lakhs.

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

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
5	Deferred Tax Liability / (Asset)		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	3,038.59	3,473.36
	Deferred Tax Asset on		
	Sec.43B expenses allowable on payment under IT Act 1961	(30.91)	(34.70)
	Provision for Diminution in value of current investments	(18.82)	(23.90)
	Carry Forward Depreciation loss	(720.52)	(1,071.19)
	Deferred Tax Liability (Net)	Total 2,268.34	2,343.57
6	Other Long-term Liabilities		
	Trade payables	21.09	11.34
	Gratuity	49.41	16.15
	Compensated absences	-	6.58
	Interest accrued but not due on Loans	246.52	586.53
	Other payables and Deposits	33.18	43.00
	Total	350.20	663.60
7	Current Liabilities		
	(A) Short-Term Borrowings - Secured		
	Loans repayable on demand from banks*	5,898.75	4,531.79
	Total (a)	5,898.75	4,531.79
	*Cash Credit from Indian Bank for Rs.5898.75 lakhs (Previous year Rs.4531.79 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		
	* Includes adhoc loan I tranche from Indian Bank for Rs.1000 lakhs (Previous year Rs.Nil) 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. Repayable within 90 days from 08th March 2017.		
	*Includes adhoc loan II tranche from Indian Bank for Rs 1000 lakhs (Previous year Rs.Nil) 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. Repayable within 90 days from 28th March 2017.		
8	Trade Payables	4,667.85	2,959.42
	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	3,223.86	3,616.84
	Current maturity of Interest accrued but not due on borrowings	255.69	207.59
	Statutory Remittances	282.45	219.63
	Advances from Customers	226.03	63.11
	Others (Excise duty, Salaries etc.)	1,699.97	1,036.31
	Total	5,688.00	5,143.48
10	Short- term Provisions(employee benefits)		
	Gratuity	6.86	4.59
	Superannuation	-	6.15
	Compensated absences	43.83	35.79
	Bonus & Exgratia	45.46	41.70
	Total	96.15	88.23

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	As at 01.04.2016	For the Year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets										
Land	376.17	3.07		379.24	-			-	379.24	376.17
Buildings	4,456.49	43.10		4,499.59	1,745.77	251.78		1,997.55	2,502.04	2,720.44
Plant and Equipment	34,666.07	909.04		35,575.11	18,474.96	1,155.06		19,630.02	15,945.08	16,062.74
Furniture and Fixtures	241.91	2.90		244.81	193.36	10.20		203.56	41.25	26.42
Vehicles	331.02	138.75	33.93	435.84	178.31	45.84	31.93	192.22	243.62	293.49
Total	40,071.66	1,096.86	33.93	41,134.59	20,592.40	1,462.88	31.93	22,023.35	19,111.23	19,479.26
Previous year	40,041.59	43.42	13.34	40,071.67	19,140.80	1,463.70	12.10	20,592.40	19,479.26	20,900.78
(ii) Intangible Assets										
Computer Software	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Total	33.98	-	-	33.98	32.28	-	-	32.28	1.70	1.70
Previous year	33.98		-	33.98	32.28	-	-	32.28	1.70	1.70

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
12	Non-Current Investments		
	Non-Trading Investments	1,209.65	1,209.65
	[Refer Note no 15 (a)]		
	Total	1,209.65	1,209.65
	Investments in Equity instruments	1,209.60	1,209.60
	Investments Others	0.05	0.05
13	Long Term Loans And Advances		
	Security deposits		
	Others (Electricity, Caution, Rental etc.) (Unsecured, considered good)	153.14	326.57
	Loans and advances to related parties		
	Doubtful (Kothari Biotech - Associate)	11.22	21.22
		164.36	347.79
	Less: Provision for doubtful loans and advances	11.22	21.22
	Total (a)	153.14	326.57
	Other loans and advances - Income Tax net of provision	40.97	252.97
	Loans and advances - Others	0.04	0.04
	Total (b)	41.01	253.01
	Total (a+b)	194.15	579.58
14	Other Non-Current Assets		
	Advance to Suppliers	1.08	0.84
	Others (Interest on Bonds, Subsidy etc.)	75.48	59.75
	Total	76.56	60.59
15	CURRENT ASSETS		
	Current Investments		
	Investments in Equity instruments	82.32	110.03
	Investments in Mutual Funds	1,228.56	1,120.18
	Investments in Bonds/Debentures	592.87	592.87
	Less : Provision for Diminution	54.37	69.02
	[Refer Note No. 15 (b)]		
	Refer note 1 (F) for method of valuation		
	Total	1,849.38	1,754.06
16	Inventories		
	Raw materials and packing materials	144.64	146.13
	Work in progress	291.71	411.00
	Finished goods	13,270.67	10,391.21
	Stores and spares	677.60	668.60
	Total	14,384.61	11,616.93
	Refer note 1 (g) for method of valuation		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.17 Qty.	As at 31.03.16 Qty.	Particulars	Category	As at 31.03.17	As at 31.03.16
Note 15 (a)		<u>NON-CURRENT INVESTMENT AT COST</u>			
12,019,000	12,019,000	Associate Companies - Equities (Fully paid up)-Quoted KOTHARI PETROCHEMICALS LTD. OF Rs. 10/- EACH	Non-Trading	1,201.90	1,201.90
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
-	-	Government Securities INDIRA VIKAS PATRA	Non-Trading	0.05	0.05
20	20	Associate Companies - Equities (Fully paid up)-Unquoted KOTHARI BIO- TECH LTD. - Rs.10/- EACH	Non-Trading	0.003	0.003
		TOTAL Non-Current Investment at cost		1,209.65	1,209.65
		Aggregate of : Quoted non-current investments at cost Market Value of Quoted non-current Investments Unquoted non-current investments at cost		1,204.40 2,705.24 5.25	1,204.40 2,194.20 5.25
Note 15 (b)		<u>CURRENT INVESTMENT AT COST</u> (Valued at lower of cost and market value)			
		<u>Investment in Mutual Funds (Quoted)</u>			
-	52,604	SBI MAGNUM COMMA FUND	Trading	-	10.00
93,528	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	25.00	25.00
-	48,424	BIRLA SUN LIFE CASH PLUS	Trading	-	117.71
-	5,098,663	IDFC DYNAMIC BOND FUND	Trading	-	560.44
-	3,154	RELIANCE LIQUID FUND - CASH PLAN	Trading	-	77.03
2,000,000	2,000,000	HDFC FMP 1107D	Trading	200.00	200.00
1,300,000	1,300,000	RELIANCE FIXED HORIZON FUND (SERIES 17)	Trading	130.00	130.00
2,000,000	-	RELIANCE FIXED HORIZON FUND (SERIES 36)	Trading	200.00	-
1,000,000	-	ICICI PRUDENTIAL FMP	Trading	100.00	-
1,000,000	-	HDFC FMP 1113D	Trading	100.00	-
268,914	-	HDFC FMP 1199D	Trading	26.89	-
1,930,875	-	IDFC CORPORATE BOND FUND		200.00	-
2,009,327	-	IDFC ULTRA SHORT TERM FUND		211.67	-
350,000	-	IDFC CREDIT OPPORTUNITIES FUND		35.00	-
		Total Current Investments at cost		1,228.56	1,120.18
		Less: Provision for diminution in value of Investments		4.88	9.99
		Net Current Investments		1,223.68	1,110.19

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

As at 31.03.17 Qty.	As at 31.03.16 Qty.	Investment	Category	As at 31.03.17	As at 31.03.16
		<u>Equity - Others (Fully Paid) Quoted</u>			
2,500	2,500	BHARAT HEAVY ELECTRICALS LIMITED (Rs. 2 EACH)	Trading	10.86	10.86
290	290	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	1.97	1.97
4,600	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	2.86	2.86
1,000	1,000	IDFC Ltd. (Rs. 10 EACH)	Trading	2.11	2.11
-	1,000	INDIAN HOTELS (Re. 1 EACH)	Trading	-	1.26
5,000	5,000	RELIANCE COMMUNICATIONS LIMITED (Rs. 5 EACH)	Trading	20.34	20.34
-	2,350	RELIANCE INDUSTRIES LTD (Rs. 10 EACH)	Trading	-	26.44
450	450	RELIANCE INFRASTRUCTURE LIMITED (Rs. 10 EACH)	Trading	4.42	4.42
4,375	4,375	RELIANCE POWER LTD (Rs. 10 EACH)	Trading	12.37	12.37
1,800	1,800	SINTEX INDUSTRIES LIMITED (Re.1 EACH)	Trading	3.20	3.20
19,380	19,380	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	24.19	24.19
		Total Current Investments at cost		82.32	110.02
		Less: Provision for diminution in value of Investments		49.49	59.02
		Net Current Investments		32.83	51.00
		Investment in NCD / Bonds (Quoted)			
30	30	TATA MOTORS FINANCE LIMITED	Trading	300.00	300.00
10,000	10,000	IFCI LIMITED	Trading	100.00	100.00
1,500	1,500	NABARD	Trading	192.87	192.87
		Total		592.87	592.87
		Aggregate of :			
		Current investments at cost (Quoted)		1,903.75	1,823.08
		Market Value current investements (Quoted)		1,849.38	1,754.06
		Dimunition in value of current investments		54.37	69.02

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
17	Trade Receivables		
	(Unsecured, Considered good)		
	For a period exceeding six months	80.74	80.78
	Others	1,317.80	847.64
	Total	1,398.54	928.42
18	Cash and cash equivalents		
	Cash on hand	2.05	1.70
	Balances with bank - In current accounts	132.50	407.21
	Fixed deposit with Banks	38.83	1,107.80
	Total (a)	173.38	1,516.71
	Other Bank balances		
	Balances held as margin money or security against borrowings, guarantees and other commitments	136.03	168.98
	Unpaid Dividend- Held in separate Bank account	4.42	4.43
	Total (b)	140.45	173.41
	Total (a+b)	313.83	1,690.12
19	Short Term Loans And Advances		
	(Unsecured and considered good)		
	Balances with government authorities		
	CENVAT credit receivable	210.59	219.55
	Service Tax credit receivable	12.35	15.54
	VAT credit receivable	2.79	4.33
	Others (Balance with State excise/PLA etc.)	11.56	6.12
	Prepaid Expenses	64.05	72.80
	Advance to Suppliers	54.43	91.82
	Other loans and advances (Employee advances etc.)	163.30	147.13
	Total	519.08	557.29
20	Other Current Assets		
	Other Receivables (Interest accrued on NCD, recovery from Ryots)	101.19	138.27
	Total	101.19	138.27
21	Revenue from Operations		
	Sale of products		
	Sugar	22,984.20	17,609.45
	Industrial Alcohol	7,593.67	6,205.71
	Electric Power	1,570.32	1,150.78
	Bagasse	371.91	87.48
	Others (Biocompost, CO2, cane inputs etc.)	238.26	244.49
	Other Operating revenues	179.42	120.66
	Total	32,937.78	25,418.57

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
22	Other Income		
	Interest Income		
	- From Bank Deposits and other investments	75.43	78.14
	- Others (TNEB, IT refund)	37.28	12.43
	Dividend Income from Current Investments		
	- Others (Shares & Mutual funds)	0.34	47.53
	Dividend Income from Associate & others	30.05	240.38
	Net gain on sale of current investments	42.39	65.87
	Other Non-Operating Income		
	- Other Miscellaneous income	46.15	39.17
	- Rental Income	36.48	34.20
	- Profit on sale of assets	2.99	1.71
	- Accretion in value of investments	14.65	-
	- Commission	62.93	91.53
	- Liability no longer required written back	22.83	95.52
	Total	371.51	706.48
23	Cost of Materials Consumed		
	Raw Material		
	Sugarcane	21,438.09	17,389.39
	Coal	2.21	1.63
	Others (Molasses, Bagasse etc.)	2,806.59	1,584.02
	Chemical and Others	365.15	334.83
	Packing	300.92	362.34
	Total	24,912.94	19,672.21
24	Changes in Inventories of Finished Goods, Work-in-progress		
	Opening Stock		
	Finished Goods		
	Sugar	9,414.25	7,582.50
	Molasses	662.74	771.93
	Industrial Alcohol	314.22	199.58
	Work in progress		
	Sugar	399.08	304.12
	Molasses	11.91	11.72
	Total (a)	10,802.20	8,869.87
	Closing Stock		
	Finished Goods		
	Sugar	12,354.78	9,414.25
	Molasses	592.79	662.74
	Industrial Alcohol	323.10	314.22
	Work in progress		
	Sugar	283.85	399.08
	Molasses	7.86	11.91
	Total (b)	13,562.38	10,802.20
	(Increase) / Decrease over the previous year	Total (a-b)	(2,760.18)
	Add: Excise duty adjustment for movement in Finished goods inventory	220.09	248.60
	Net change (Increase) / Decrease	(2,540.09)	248.60
25	Employee Benefits Expense		
	Salaries and Wages	1,510.96	1,385.96
	Contribution to Provident and Other Funds	187.29	119.92
	Staff Welfare Expenses	96.17	76.21
	Total	1,794.42	1,582.09

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	As at 31 st March 2017	As at 31 st March 2016
26 Finance Cost			
	Interest Expense	697.55	659.40
	Other Borrowing Costs	23.27	49.48
	Total	720.82	708.88
27 Depreciation and amortization expense		1,462.88	1,463.70
28 Other Expenses			
	Consumption of stores and spare parts	802.92	671.46
	Power and Fuel	713.30	747.66
	Rent	29.73	24.16
	Repairs-Buildings	52.74	70.93
	Repairs to Machinery	560.34	298.39
	Repairs to Others	95.93	68.32
	Biocompost	83.79	80.02
	Insurance	88.09	82.21
	Rates and Taxes	169.15	152.72
	Excise duty expunged	475.25	379.75
	Freight & Clearing Expenses	296.72	242.50
	Directors Sitting fees	5.05	5.45
	Auditor's Remuneration		
	- Statutory Audit	4.19	3.67
	- Limited Audit review	1.50	1.20
	Travelling Expenses	73.59	20.97
	Conveyance	3.28	2.33
	Professional Fees	65.87	36.59
	Commission	30.22	22.55
	Provision for Diminution in value of Investments	-	7.46
	CSR expenditure	2.09	15.27
	Administration Expenses	322.26	377.98
	Bad Debts	-	3.42
	Miscellaneous Expenses	24.88	18.65
	Total	3,900.89	3,333.66
29 Exceptional items (Debit)			
	Electricity Matters	1,199.64	-
	Total	1,199.64	-
Exceptional items (Credit)			
	Tariff revision	577.29	-
	Total	577.29	-
	Exceptional items (Net)	622.35	-

30. Employee Benefits:**a) Earned Leave**

The practice of actuarially valuing un-availed leave for section of employees considering them as long term benefit and providing for the same followed till last year has been discontinued from current year. However, adequate provision for earned leave has been considered in the books of accounts.

b) Gratuity

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Gratuity Plan	
	2016-17	2015-16
Basic actuarial assumptions		
Mortality Table:	Indian Assured Lives (2006 – 08) Ultimate	Indian Assured Lives (2006 – 08) Ultimate
Date of Valuation:	31-03-2017	31-03-2016
Rate of Discount (p.a)	7.27%	7.80%
Rate of Salary Escalation:	6.50%	6.50%
Employee Attrition Rate due to reasons other than death or retirement	2.00%	2.00%
Rate of Return on Plan Assets	8.50%	8.75%
Projected benefit obligation at the beginning of the period	326.64	346.60
Current service cost	82.30	10.50
Interest cost	25.08	26.18
Actuarial loss / (gain)	6.08	(5.97)
Benefits paid	(41.13)	(50.67)
Projected benefit obligation at the end of the period	398.95	326.64
Amounts recognized		
Projected benefit obligation at the end of the period	398.95	326.64
Fair value of plan assets at end of the period	326.62	309.19
Liability to be recognized	72.33	17.45
Cost for the period		
Current service cost	82.30	10.50
Interest cost	25.08	26.18
Expected return on plan assets	(25.85)	(25.92)
Net actuarial (gain)/loss recognized in the period	4.26	(3.90)
Total	85.78	6.86
Less: Share of contribution from Associate Company	(29.51)	(2.26)
Net Cost recognized in Profit & Loss account.	56.27	4.60

31(a) Contingent Liabilities
Rs. lakhs

a) Claims not acknowledged by the Company	2016-17	2015-16
Sales Tax		
Customs	73.39	73.39
Central excise	680.03	680.11
Electricity matters	838.76	1,967.35
Urban Land tax	46.43	48.48
Total	1,638.61	2,769.33

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**31 (b) Capital Commitment****Rs. lakhs**

Particulars	2016-17	2015-16
Building	0.31	-
Computer/Software	2.24	-
Machinery/Equipments	28.25	-
Total	30.80	-

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

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

Sugar, Power generation and Distillery.

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

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

ii) Geographical Segments

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

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

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

(Refer Separate workings on Segment results at page no.93)

33. Related Party Disclosures:

(Refer Separate workings on Related party transactions at page no.94)

34. Operating Lease

- a) A sum of Rs.29.73 lakhs (Previous Year Rs. 24.16 lakhs) has been debited to rent account, being the rent paid on premises which has been taken on lease.

35.Earnings per Share

	2016-17	2015-16
Net Profit after Tax excluding Exceptional Item (Rs.in lakhs)	1095.57	303.37
No. of Equity Shares of Rs. 10/- each	82888580	82888580
Earning per Share (Basic & Diluted) (Rs.)	1.32	0.37

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
37. Details of Specified Bank Notes (SBN's) held and transacted during the period from 8.11.2016 to 30.12.2016

	SBNs	Other denomination notes	Total
	Indian Bank		
Closing cash in hand as on 8.11.2016	1,18,000	31,534	1,49,534
(+) Permitted receipts	44,000	11,02,019	11,46,019
(-) Permitted Payment	19,000	7,16,660	7,35,660
(-) Amount deposited in Bank	1,43,000	50,239	1,93,239
Closing cash in hand as on 30.12.2016	-	3,66,654	3,66,654

38. Remuneration / Fee paid to Statutory Auditors

Sl. No.	Description of the Service	2016-17	2015-16
(a)	Statutory audit of accounts	4.00	3.50
(b)	Limited Audit Review	1.50	1.20
(c)	VAT audit	0.40	0.40
(d)	Certification - Others	-	0.05
(e)	Statutory audit (subsidiary)	0.19	0.17
	Total	6.09	5.32

39. 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 LLP
Chartered Accountants

Arjun B Kothari
Managing Director

P.S.Gopalakrishnan
Director

N.Krishnamurthy
Partner

Place : Chennai
Date : May 30, 2017

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer

Segment Information (Note - 32)

a) Primary segment reporting (by Business Segments)

(i) The Parent 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	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Segment revenues	24,726.49	19,527.60	4,016.52	2,942.05	7,747.44	6,410.23	36,490.44	28,879.88
Segment results	(964.22)	(1,878.05)	(339.53)	(746.88)	2,744.62	2,725.08	1,440.86	100.15
Segment assets	21,233.76	21,302.03	4,800.21	4,624.85	7,041.20	7,140.40	33,075.16	33,067.28
Segment Liabilities	22,197.98	23,180.07	5,139.74	5,371.73	4,296.58	4,415.32	31,634.31	32,967.13
Capital Expenditure	163.52	34.43	93.99	4.54	685.26	4.45	942.77	43.41
Depreciation	651.77	676.28	552.50	545.55	216.30	206.29	1,420.57	1,428.12

₹ in lakhs

Reconciliation of reportable segments with the financial statements

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Total Reportable Segment	36,490.44	28,879.88	1,440.86	100.15	33,075.16	33,067.28	31,634.31	32,967.13	1,096.86	43.41	1,420.57	1,428.12
Corporate-Unallocated			(685.43)	(405.43)	8,544.49	9,607.46	9,009.02	9,591.82	-	-	42.30	35.57
Inter Segment	(4,764.98)	(4,222.31)	-	-	-	-	-	-	-	-	-	-
Other revenues	257.64	667.84	-	-	-	-	-	-	-	-	-	-
Interest (Corporate)	-	-	(35.93)	(0.05)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	256.83	421.12	-	-	-	-	-	-	-	-
Others (Subsidiary)/Associate share of profits	63.73	38.64	119.24	187.59	-	-	-	-	-	-	-	-
	32,046.84	25,364.06	1,095.56	303.37	41,619.66	42,674.74	40,643.33	42,558.95	1,096.86	43.41	1,462.88	1,463.70

₹ in lakhs

b) Secondary Segment Information

Particulars	2016-17		2015-16	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	36,490.44	-	28,879.88	-
2. Carrying amount of Segment Assets	33,075.16	-	33,067.28	-
3. Additions to Fixed / Intangible Assets	1,096.86	-	43.41	-

Related Party Disclosures (Note - 33)

Related party disclosures - As identified by the Management for those having transactions and relied upon by the auditors

(i) Parties with Significant influence

Holding Company
Associate
Joint control
Joint control
Joint control
Regd.public trust
Wholly owned subsidiary

Parvathi Trading & Finance Co.Pvt.Ltd.
Kothari Petrochemicals Ltd.
Century Foods Pvt. Ltd.
Kothari Safe Deposits Ltd.
Kothari Biotech Ltd.
HCK Educational and Development Trust
Kothari International Trading Ltd.

(ii) Key Management Personnel

Managing Director

Mr.Arjun B Kothari

(iii) Relative of Key Management Personnel

Chairperson

Mrs.Nina B Kothari

₹ in lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)															
	Parvathi Trading & Finance Co.Pvt. Ltd		Kothari Petrochemicals Limited		Century Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Biotech Limited		HCK Educational and Development Trust		Chairperson & Director (Mrs.Nina B Kothari)		Kothari International Trading Limited	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent	-	-	-	-	21.43	17.76	-	-	-	-	-	-	-	-	-	-
Electricity charges	-	-	-	-	3.78	3.98	1.41	1.27	-	-	-	-	-	-	-	-
Travel and other reimbursements	-	-	47.90	42.18	-	-	4.30	4.14	-	-	-	-	-	-	7.44	9.92
Other receipts (AMC,Techfee etc.)	-	-	153.80	126.50	-	-	-	-	10.00	-	-	-	-	-	-	55.51
Commission	-	-	-	91.53	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of water	-	-	-	-	-	-	-	0.38	-	-	-	-	-	-	-	-
Material purchased	-	-	-	0.72	-	-	-	-	-	-	-	-	-	-	-	-
Sitting fee	-	-	-	-	-	-	-	-	-	-	-	-	0.80	1.00	-	-
CSR Expenditure	-	-	-	-	-	-	-	-	-	-	2.09	15.27	-	-	-	-
Loan Repayment	-	-	-	-	-	-	-	-	11.69	6.50	-	-	-	-	-	-
Loans and Advances	-	-	-	3.30	-	-	-	-	11.22	9.53	-	-	-	-	-	10.45
Term Loans	(821.20)	(821.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,533.44)	(1,533.44)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Form AOC-I

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

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

Part "A": Subsidiaries

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

Sl. No.	Name of the subsidiary	Kothari International Trading Limited (KITL)
1	The date since when subsidiary was acquired	05.01.1995
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share capital	100.00
5	Reserves & surplus	(59.80)
6	Total assets	47.60
7	Total Liabilities	47.60
8	Investments	-
9	Turnover	63.73
10	Profit before taxation	36.10
11	Provision for taxation	6.88
12	Profit after taxation	29.22
13	Proposed Dividend	None
14	Extent of shareholding %	100%
15	Proposed Dividend	None
Notes:		
a	Names of subsidiaries which are yet to commence operations	None
b	Names of subsidiaries which have been liquidated or sold during the year.	None

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

Sl. No.	Name of the Associates	Kothari Petrochemicals Limited (KPL)
1	Latest audited Balance Sheet Date	31st March 2017
2	Date on which the Associate was associated or acquired	29-10-1996
3	Shares of Associate held by the company on the year end	
	(a) No. of Shares	1,20,19,000
	(b) Amount of Investment in Associates (Rs.in lakhs)	1,201.90
	(c) Extent of Holding %	20.42
4	Description of how there is significant influence	Extent of holding in equity capital of associate exceeding the prescribed limit of 20%
5	Reason why the associate is not consolidated	Consolidated
6	Networth attributable to Shareholding as per latest audited Balance Sheet (₹.in lakhs)	1,447.77
7	Profit / Loss for the year (₹.in lakhs)	119.24
	(i) Considered in Consolidation (₹.in lakhs)	Yes
	(ii) Not Considered in Consolidation (₹.in lakhs)	No
Notes		
a	Names of associates or joint ventures which are yet to commence operations	None
b	Names of associates or joint ventures which have been liquidated or sold during the year.	None

Consequent to the notification under the Companies Act, 2013, the financial statements for the year ended 31st March 2017 are prepared under revised Schedule III. Accordingly, the previous year figures have also been reclassified to conform to this year's classification

For and on behalf of the Board

for R.Subramanian and Company LLP
Chartered Accountants

Arjun B Kothari
Managing Director

P.S.Gopalakrishnan
Director

N.Krishnamurthy
Partner

Place : Chennai
Date : May 30, 2017

R.Prakash
Company Secretary

R.Krishnan
Chief Financial Officer



KOTHARI SUGARS AND CHEMICALS LTD.,

CIN : L15421TN1960PLC004310

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

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

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

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 56th Annual general meeting of the company, to be held on Friday the 08th day of September, 2017 at 10.15 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

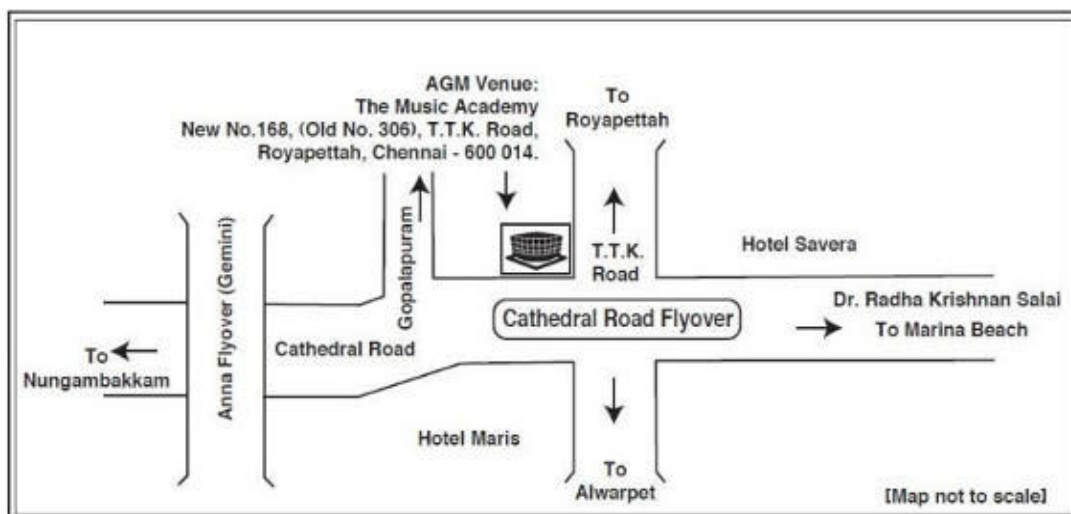
EVS N (Electronic Voting Sequence Number)	USED ID	PASSWORD
170719011	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Monday, 04th September, 2017 at 9.00 A.M.	Thursday, 07th September, 2017 at 5.00 P.M.

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

Route map for the venue of AGM of Kothari Sugars & Chemicals Limited to be held on Friday, 08th September 2017 at 10.15 A.M.



This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings present.

**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

Form No. MGT 11

PROXY FORM

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

CIN : L15421TN1960PLC004310
 Name of the company : KOTHARI SUGARS AND CHEMICALS LIMITED
 Registered office : KOTHARI BUILDINGS, NO.115, NUNGAMBAKKAM HIGH ROAD, CHENNAI, 600034

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 56th Annual General Meeting of the company, to be held on Friday the 08th day of September, 2017 at 10.15 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statement and the report of Auditors thereon		
2.	Declaration of Dividend for the financial year 2016-17		
3.	Re-appointment of Mrs.Nina B Kothari who retires by rotation		
4.	Appointment of Statutory Auditors		
Special Business			
5.	Ratification of Remuneration to Cost Auditor		

Signed this day of 2017.

Signature of shareholder:



Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

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

If undelivered, please return to:

KOTHARI SUGARS AND CHEMICALS LIMITED

Regd. Office. "Kothari Buildings"

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