



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.

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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.