

**CORPORATE INFORMATION**

<b>Board of Directors</b>	:	<b>B.H.Kothari - Chairman &amp; Managing Director</b> Dr. P. S. Mani Sundaram P. S. Gopalakrishnan V. R. Deenadayalu
<b>Company Secretary</b>	:	<b>R.Prakash</b>
<b>Statutory Auditors</b>	:	<b>R. Subramanian and Company</b> Chartered Accountants, No.6, Krishnaswamy Avenue Luz, Mylapore Chennai - 600 004.
<b>Internal Auditors</b>	:	<b>(a) K.R.Sarangapani &amp; Co.</b> Chartered Accountants, No. 28/1, Anjuham Nagar, 1 <sup>st</sup> Street, Jafferkhanpet, Chennai - 600 083 <b>(b) V.P.Mukundan &amp; Associates</b> Chartered Accountants, No. 233/1, Kutchery Road, Mylapore, Chennai - 600 004
<b>Cost Auditor</b>	:	<b>K.Suryanarayanan</b> Flat A, Brindhavan Apartments, No.1, Poes Road, 4 <sup>th</sup> Street, Teynampet, Chennai - 600 018
<b>Legal Advisors</b>	:	<b>S.Ramasubramanian &amp; Associates</b> Advocates, No.6/1, Bishop Wallers Avenue (West) Mylapore, Chennai - 600 004
<b>Registered Office</b>	:	<b>"Kothari Buildings"</b> No.115, Mahatma Gandhi Salai Nungambakkam, Chennai - 600 034 Phone No. 044 - 30281595 / 30225507 Fax No. 044 - 28334560
<b>Registrar &amp; Share Transfer Agents</b>	:	<b>M/s. Cameo Corporate Services Limited,</b> 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
<b>Listing</b>	:	<b>The National Stock Exchange of India Limited (NSE),</b> Mumbai
<b>Stock Code</b>	:	<b>KOTARISUG</b>
<b>ISIN No.</b>	:	INE419A01022
<b>Manufacturing Units</b>	:	<b>Kattur</b> Kattur Railway Station Road, Lalgudi Taluk, Trichy District, Tamil Nadu - 621 601 <b>Sathamangalam</b> Sathamangalam Village, Vetriyur Post, Keezhapalur, Ariyalur Taluk, Perambalur District, Tamil Nadu - 621 707

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**Financial Highlights**

(₹. In lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Profitability items</b>					
Gross Income	27,050	27,568	34,859	28,115	32,684
Gross Profit (PBDIT)	2,592	1,959	3,807	3,273	3,662
Depreciation	954	1,298	1,357	1,379	1,315
Profit / (Loss) Before Interest & Tax	1,638	661	2,451	1,894	2,347
Interest	488	546	529	648	467
Profit / (Loss) Before Tax	1,150	115	1,922	1,246	1,880
Income Tax	149	31	316	235	374
Deferred Tax Expenses	-	-	467	253	664
Profit / (Loss) After Tax	1,001	84	1,139	757	841
<b>Balance Sheet Items</b>					
Net Fixed Assets	20,217	20,834	20,763	19,919	20764
Investments	4,935	1,260	3,823	3,200	656
Net Current Assets	3,450	6,273	4,146	4,984	4,427
Total Capital Employed	28,602	28,367	28,732	26,124	26,098
Shareholders Funds	9,972	9,956	10,995	11,652	12,393
<b>Ratios</b>					
Book Value per share (Rs.)	12	12	13	14	15
EPS (Rs.)	1.05	0.10	1.37	0.91	1.01

## NOTICE to the Members

Notice is hereby given that the **51<sup>st</sup> Annual General Meeting** of Kothari Sugars & Chemicals Limited will be held on Tuesday, 25<sup>th</sup> September 2012 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

### **Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Statement of Profit & Loss for the financial year ended on that date along with Auditors' and Directors' Report thereon.
2. To appoint a Director in the place of Dr.P.S.Mani Sundaram, who retires by rotation and being eligible offers himself for re-appointment.
3. Appointment of Auditors

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

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

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

Place: Chennai  
Date: August 03, 2012

**R Prakash**  
Company Secretary

### Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT ANY TIME NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. THE PROXY SHALL NOT BE ENTITLED TO VOTE EXCEPT ON A POLL.**
2. 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.

3. 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.
4. **Share Transfer books and Register of Members will remain closed from Tuesday, 18 September 2012 to Tuesday, 25 September 2012, (both days inclusive).**
5. Members holding shares in dematerialized form are requested to intimate any change in their address, bank details, etc. to their respective Depositories Participants and those holding shares in physical form should intimate the above changes to the Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited, No.1, Club House Road, Chennai- 600 002.
6. 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.
7. The Annual report of the Company for the year 2011-12, circulated to the Members of the Company, will be made available on the Company's website viz. [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl)
8. 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.
9. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Director seeking re-appointment at the forthcoming Annual General Meeting is appended below.

**ANNEXURE TO THE NOTICE**

THE INFORMATION IN RESPECT OF ITEM NO.2 IN ACCORDANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT FOR CORPORATE GOVERNANCE ABOUT THE DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.2
i) Name of the Director	Dr. P.S.Mani Sundaram
ii) Date of Birth	09.12.1927
iii) Date of Appointment	19.11.1996
iv) Qualification	BA. B.E., M.Eng., Ph.D., D.Eng.
v) Experience in specific functional areas	He was formerly (first) Principal, A.C.College of Engg & Tech, Karaikudi and Regional Engineering College (NIT), Trichy and Former (first) Vice Chancellor, Bharathidasan University. He has extensive Technical experience in the Engineering field including Education.
vi) List of other Companies in which Directorship held	Nil
vii) Chairman/ Member of the Committee of the Board of Directors of the Company	(a) Audit Committee - Member (b) Share Transfer cum Shareholders Grievances Committee - Member (c) Remuneration Committee - Member
viii) Chairman/ Member of the Committee of the other companies in which he is a Director	Nil
ix) Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2012	Nil

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

Place: Chennai  
Date: August 03, 2012

**R Prakash**  
Company Secretary

**Important Communication to Members**

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

## DIRECTORS' REPORT

### To the Members

The Directors present the 51st Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2012.

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

### Financial Highlights

(₹. In lakhs)

Description	2011 - 2012	2010 - 2011
Profit before Interest and Depreciation	3,661.63	3,272.53
Interest	467.03	648.39
Depreciation	1,315.07	1,379.27
Profit Before Tax	1,879.53	1,244.87
Tax Adjustments including Deferred Tax	1,038.22	487.80
Profit after Tax	841.31	757.07
Transfer to Debenture Redemption Reserve	75.00	75.00
Transfer to Capital Redemption Reserve	100.00	100.00
Profit after Appropriation	666.31	582.07

Your Directors are pleased to report that the company has made a profit after tax of Rs.841.31 Lakhs.

### Operations and Performance

#### Performance

The Gross total income for the financial year ended 2011-12 was Rs.32,684.11 lacs higher than Rs.28,115.12 lacs, for the financial year 2010-11. There was overall increase in sale of sugar which includes export sales as well as local sales due to spurt in domestic demand. Similarly, there was increase in sale of alcohol. However there was decrease in power generation owing to higher cost of coal and consequently less sale of power. The profit after tax was Rs.841.31 lacs for the financial year ended 2011-12 compared to Rs.757.07 lacs for the financial year 2010-11. The Profit before Tax was higher mainly due to increased sales volume and realisation.

#### Segment-wise performance of the company is given below:

##### a. Sugar

During the financial year 2011-12 the sugar prices remained relatively stable which resulted in higher profits compared to financial year 2010-11. Performances of our two sugar units were as under.

**Kattur Unit:** The plant at Kattur had crushed 578025 Metric Ton (MTs) of sugarcane with an average recovery of 9.35% during 2011-12 as against 501809 MTs during 2010-11 with an average recovery rate of 9.03%.

**Sathamangaiam Unit:** The Plant at Sathamangalam unit had crushed 504729 MTs of sugarcane with an average recovery of 9.25% in 2011-12 as against 176846 MTs in 2010-11 with an average recovery rate of 8.86%.

The increase in the cane crushing is mainly due to availability of sugar cane leading to higher production of Sugar, Bagasse & Molasses which impacted the value chain positively.

Your company had taken various measures to improve the quality of sugar cane and sugar yield levels which included chip bud plantation techniques, drip irrigation and mechanisation of cane harvesting through cane harvester so that the stakeholders in the business i.e. the farmers and the company would benefit.

##### b. Co-generation

Power exported during the financial year 2011-12 at Kattur unit was 11369 Mwh (Mega Watt Hour) as against 11752 Mwh of power during 2010-11. At Sathamangalam unit power exported was 56720 Mwh during 2011-12 as against 120980 Mwh during 2010-11. Due to steep increase in cost of imported coal and lower rate per unit offered by Govt. of Tamilnadu and Power trading corporation, the coal based power generation was dis-continued. This resulted in lower power generation as compared to the previous year.

##### c. Distillery

Alcohol production during the financial year 2011-12 was 18347 Kilo Litres (KL's) as against 16135 KLs in 2010-11. The demand for alcohol by the IMFL (Indian Made Foreign Liquor) units in the State remained high and supported the marketing efforts of the Company. The Ethanol blending programme of the Central Government has not been implemented in the State so far, since the State Government has not accorded permission for supply of Ethanol to the oil Companies as they perceived a shortfall of Alcohol to the potable sector. Despite high fluctuation in molasses prices, systematic planning helped us to procure a good quantity of molasses at very competitive prices. Similarly, on the marketing strategy, the sale of ENA has helped in getting a better average realisation.

### Dividend

The Directors do not recommend dividend for this year.

**Directors**

Dr.P.S.Mani Sundaram, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**Directors' Responsibility Statement**

The Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and profit of the company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

- (iv) that they have prepared the Annual Accounts on a going concern basis.

**Corporate Governance**

The reports of the Corporate Governance together with the Auditor's Certificate are attached hereto as an Annexure.

**Public Deposits**

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

**Re-appointment of Auditors**

M/s.R.Subramanian and Company, Chartered Accountants, Chennai, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. As required under section 224 of the Companies Act, 1956, the company has obtained from them a confirmation to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said section.

**Cost Audit**

Pursuant to section 233B of the Companies Act, 1956, Mr.K.Suryanarayanan, a Practising Cost Accountant, was appointed as Cost Auditor for the year 2012 - 2013.

Filing of Cost Audit Report	2011 - 2012	2010 - 2011
Due Date	31.12.2012	27.09.2011
Actual Date	(Target) 30.11.2012	13.09.2011
Cost Auditor Details	Mr.K.Suryanarayanan, M.No.24946, Chennai	Mr.K.Suryanarayanan, M.No.24946, Chennai
Audit Qualification in Report	-	Nil

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

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

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

**Subsidiary Companies**

Pursuant to Ministry of Corporate Affairs (MCA) General Circular No.2/2011 dated 8<sup>th</sup> February, 2011 that the accounts of the subsidiary company need not be attached along with the accounts of the holding company as required by Section 212 of the Companies Act, 1956 upon fulfilling certain conditions stipulated in the said circular, The Annual Accounts of the Subsidiary Company M/s.Kothari International Trading Limited for the year ended 31<sup>st</sup> Mar 2012 is not attached herewith.

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

**Acknowledgement**

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

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

**B.H.Kothari**  
Chairman and Managing Director

Place : Chennai  
Date: August 03, 2012

FORM A

PARTICULARS AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A. POWER AND FUEL CONSUMPTION

Annexure I

Sl. No.	Particulars	Kattur				Sathamangalam	
		Sugar & Co-gen		Distillery		Sugar & Co-gen	
1	Electricity	2011-12	2010-11	2011- 12	2010-11	2011-12	2010-11
	a. Purchased Unit	32,26,373	32,03,300	47,01,227	49,37,994	8,82,900	3,92,172
	Total Amount Paid (Rs.)	2,12,02,738	2,11,44,780	1,99,82,975	2,10,14,420	59,51,526	26,03,486
	Rate per unit (Rs.)	Rs.4.00 per unit + MD charges Rs.300 per KVA	Rs.4.00 per unit + MD charges Rs.300 per KVA	4.00 per unit + MD charges @ Rs.300 per KVA	4.00 per unit + MD charges @ Rs.300 per KVA	6.74	6.64
	b. Own Generation through Diesel						
	Generator Unit in KWH	36,464	30,821	NIL	NIL	3580	3701
	Unit per Litre of Diesel	2.40	2.40	NIL	NIL	3.05	2.04
	Cost per Unit (Rs.)	18.75	16.67	NIL	NIL	14.62	19.22
	c. Power generated through Steam turbine Unit in KWH	3,65,23,300	3,31,63,600	NIL	NIL	7,92,73,000	14,28,46,000
	Unit per ton of fuel	239	244	NA	NA	427.52	487.05
	Cost per unit (Rs.)	4.57	4.04	NA	NA	3.61	3.49
2.	<b>Coal (specify quantity and where used)</b>						
	Quantity (tonnes)	NA	NA	NA	NA	14042.11	92968.55
	Total cost (Rs.)	NA	NA	NA	NA	7,15,51,384	36,75,94,812
	Average Rate (Rs.)	NA	NA	NA	NA	5095	3954
3.	<b>Fuel Oil</b>						
	Quantity (tonnes/kilo liters)	NA	NA	125.18	174.45	NA	NA
	Total Cost (Rs.)	NA	NA	55,00,189	53,65,739	NA	NA
	Average Rate/ litre (Rs.)	NA	NA	43.94	30.80	NA	NA
4.	<b>Natural Gas</b>						
	Quantity M <sup>3</sup>	NA	NA	NA	NA	NA	NA
	Total Cost (in Rs.)	NA	NA	NA	NA	NA	NA
	Average Rate per M <sup>3</sup> (Rs.)	NA	NA	NA	NA	NA	NA
5.	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>						
	Total in-house consumption (unit)	2,00,13,546	1,96,73,836	47,01,227	49,37,994	1,35,15,243	54,22,850
	Products (Sugars & Alcohol )	5,37,970 Qtl.	4,53,000 Qtl.	1,83,47,455 Litres	1,61,34,792 Litres	4,64,230 Qtl.	1,74,000 Qtl.
	Electricity (Unit per quintal)	37.20	43.43	0.2562 Units/ Litres	0.3060 Units/ Litres	29.11	31.17

Notes: N.A. - Not Applicable



**B. TECHNOLOGY ABSORPTION**

**FORM B**

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

**Research and Development (R & D):**

The Company adopts the following R & D measures:

High Sugar variety cane development activities are being implemented to increase the sugar recovery.

**Cane Highlights**

In order to overcome the agricultural labour shortage and reduce the cane harvesting charges, mechanical harvesting is introduced by importing combined harvester. New technologies like subsurface drip irrigation, wider row planting in 6 ft. spacing and transplanting of chip bud seedlings under sustainable sugarcane initiative have been implemented to improve the average cane yield per unit area. Satellite mapping of entire command area is taken up to have scientific assessment of land type, soil type, spatial distribution crops and underground water potential. Entrepreneur farmers were provided with technical and financial assistance to start chip bud seedlings in shade net houses, Trichogramma parasite production and extend mechanical services in cane cultivation.

**Project Highlights**

Your company has taken up modernization projects in both the sugar units for improving the efficiency in thermal and electrical energy consumption.

**Expenditure on R & D:** Nil

Technology absorption, adoption and innovation: Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

₹ in Lakhs

S.No.	Particulars	2011 - 12	2010 - 11
(i)	Total Foreign Exchange earned	2561.79	44.93
(ii)	Total Foreign Exchange outflow	25.36	50.30

**Management Discussion and Analysis**

**Indian Industry Performance**

The domestic sugar industry is likely to remain in surplus with the sugar output likely to outstrip domestic consumption for the second consecutive year. During S.Y. 2011-12 sugar output is likely to be around 26 Million MT (6-7% growth over previous year) and is expected to outstrip domestic consumption ( Around 23 Million Tons) by around 3 Million Tons. However the impact of this surplus is likely to be offset by exports. The GOI has already permitted exports of 3. Million MT. Thus sugar stocks may remain stable at about 6 million MT or about 3 month's of domestic consumption.

The domestic sugar prices have remained subdued at around Rs. 27000-30000 Per Mt for the last 18 months mainly because of the domestic surplus.

**Indian Industry Out look 2012-13**

Given the domestic surplus and falling international price trends which are likely to restrict export volumes, there may not be significant change in the price trends that the sugar industry has seen in the last 18 months, at least for next couple of quarters. In the medium term, the sugar prices trends will continue to be determined by the following factors.

Firstly, expectations on domestic sugar production for the coming season(SY 2012-13) will be clear by end of April 2013 by which time the cane acreage for the coming season will also be known. Secondly, the international crude oil prices which will determine the sugar, ethanol mix in Brazil, (The world's largest producer) and finally the Govt. of India policies regarding exports of sugar and import duties.

Decontrol of the Sugar industry, including abolition of the levy sugar will be critical for supporting the sugar industry.

**World Sugar Industry scenario**

World Sugar market situation has experienced and will continue to experience considerable price volatility. The reason for the volatility is sugar deficit in previous 2 seasons, due to failure in crops, and also due to adverse seasonal conditions that resulted in low production of sugar and resultant high demand and prices. World sugar production is expected to increase by a reasonable quantity to reach 200 million MT. The bulk of the additional sugar production will come from the developing countries and the main burden of growth will continue to fall on Brazil.

World sugar prices are expected to follow a wave pattern as a result of a continuation of Govt. policies that intervene in sugar markets in many countries. As a consequence world prices are projected to fall in 2012-13 as production will be at peak. The size of the crop in Brazil together its allocation between ethanol and sugar production are the key factors that will determine international sugar prices.

**Opportunities**

- i. High production domestically and globally.
- ii. Domestic sugar consumption is expected to be high.
- iii. Continuation of OGL exports and
- iv. Anticipated reduction in levy quota.

**Threats**

- i. International crude oil prices which is critical for the ethanol mix and availability of Raw Sugar in international markets.
- ii. Sugar price uncertainty due to volatile domestic and international supply-demand prospects and
- iii. Agro-climatic conditions which is key for Agro based industry.

## Out look

While Cane price is expected to be maintained at the same level of the previous year, the sugar price will be the key factor for the profitability of financial year 2012-13. Agro-climatic conditions will still play a key role which is totally unpredictable. As on date, the Government of India's policies regarding exports and import duties is helping to some extent but there is a long way to go. As in the past, Distillery and cogeneration division will play a vital supportive role for improving the profitability of the coming years too. With all the pros and cons, we are expecting the financial year 2012-13 to be comparable to the financial Year 2011-12.

## Risks and concerns

### Raw Material Risk

Lack of fertilizers, high input cost and inadequate rainfall in the critical cane growing period and low recovery.

### Risk Mitigation

To improve the yield, we are recommending the right variety crops and encouraging drip irrigation by arranging "monetary and technological" support.

### Product price risk

Sugar being essential commodity prices are controlled by the Government.

### Risk Mitigation

Govt. of India Policies regarding exports and imports will help to stabilize the price of sugar. More over building a rational linkage between cane prices and sugar prices will also reduce the volatility in sugar prices.

### Competitive risk

New units being set up and expansion of capacities in Tamil Nadu which may put indirect pressure on the other companies.

### Risk Mitigation

Our company maintains very good relationship and is also in constant touch with the farmers.

### Legal and regulatory Risk

Since sugar is classified as essential commodity, both input and output prices are being controlled by Government and we also need to comply with legal and regulatory requirements.

## Risk Mitigation

We have put in place experienced compliance officers to ensure complete legal and regulatory compliance. We take guidance from consultants, auditors, lawyers, specialists and experts wherever necessary.

## Internal Control Systems and their adequacy

The Company has established a system of internal control across all of its business operations and safeguarding of the Assets. The Board, Audit Committee and the Management ensure that the internal control system operates effectively within the organisation. Internal Audit team supported by external experts as and when required, review the adequacy of internal control systems and suggests necessary checks and balances to increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subject to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

## Human Resources / Industrial Relations

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

During the year employees attended series of training – Technical and Soft skills as part of Employee Development Program. Special Onsite Program and Inhouse Training programme were conducted on safety.

The company was focused on Career development of employees and Manpower requirement was filled by giving priority to internal sources – through promotions / horizontal transfers. Key Performance Indicators introduced last year designed on planning employees career growth was successfully implemented.

During the year, the industrial relations have been cordial, conducive and mutually productive. Total number of employees as on 31<sup>st</sup> March 2012 was 453 in respect of sugar and allied operations.

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

Place: Chennai  
Date: August 03, 2012

**B.H.Kothari**  
Chairman and Managing Director

## CORPORATE GOVERNANCE

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

### (1) Company's Corporate Governance Philosophy

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

In terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details of compliances, for the year ended March 31, 2012, are as follows:

### (2) Board of Directors

The present strength of the Board is four, headed by the Chairman & Managing Director, Mr. B.H.Kothari. Except Mr.B.H.Kothari all others are Independent Directors.

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

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the public companies in which he is a Director. Necessary disclosure regarding Committee positions in other companies as on 31 March 2012 have been made by the Directors.

The details of composition of the Board, the attendance at Board meetings during the financial year and at the last Annual General Meeting, number of directorships and committee positions held during 2011-12 are furnished in the following table.

Company's Board of Directors details as on March 31, 2012

Name of the Director	Category	No. of Board Meetings attended	Attendance at previous AGM held on September 08, 2011	No. of Directorship in other public Companies	No. of Committees positions (as Chairman / Member) held in other public Companies	
					Chairman	Member
Mr.B.H.Kothari	CMD	05	Present	03	01	01
Dr.P.S.Mani Sundaram	INED	05	Present	Nil	Nil	Nil
Mr.P.S.Gopalakrishnan	INED	05	Present	03	Nil	01
Mr.V.R.Deenadayalu	INED	05	Present	Nil	Nil	Nil
Mr.N.Chandramouli (*)	NED	01	N.A.	Nil	Nil	Nil

(\*) Resigned w.e.f. 20.07.2011

INED - Independent Non Executive Directors & NED - Non- Executive Directors

### Board Meetings held during the financial year 2011 - 2012

Board Meetings				
May 11, 2011	July 29, 2011	September 08, 2011	November 07, 2011	February 10, 2012

### (3) Committees of the Board

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

#### a. Audit Committee

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

Sl. No.	Name of the Member	Category	Meeting Attended
01.	Mr.P.S.Gopalakrishnan	Chairman	04
02.	Mr.B.H.Kothari (*)	Member	02
03.	Dr.P.S.Mani Sundaram	Member	04
04.	Mr.V.R.Deenadayalu	Member	04

Discontinued as member w.e.f. 29.07.2011

**b. Audit Committee Meetings held during the financial year 2011-2012**

Audit Committee Meetings			
May 11, 2011	July 29, 2011	November 07, 2011	February 10, 2012

**c. Board Reference to the Audit Committee**

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

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

**d. Share Transfer Cum Shareholders Grievances Committee**

The Share Transfer cum Shareholders Grievances Committee comprises of Messrs P.S.Gopalakrishnan, B.H.Kothari and Dr.P.S.Mani Sundaram to look into redressing of Shareholders' and Investors complaints such as transfer of shares, non-receipt of annual reports etc. R.Prasadh, Company Secretary, is the Compliance Officer.

During the period under review, the committee met 8 times and the attendance details of Committee Members is as follows:

Names of Directors	Category	Meetings Attended
Mr.P.S.Gopalakrishnan	Chairman	08
Mr.B.H.Kothari	Member	06
Dr.P.S.Mani Sundaram	Member	08

**e. Details of the Complaints received from the Shareholder(s) / Department(s) during the financial year 2011 – 2012.**

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redressal under process at the year end
i.	Non-receipt of Dividend	Nil	Nil	Nil
ii.	Non-receipt of new share certificate	11	11	Nil
iii.	Non-receipt of annual reports	02	02	Nil
iv.	Non-receipt of final redemption warrants	01	01	Nil
v.	Non-receipt of fractional warrants	07	07	Nil
vi.	Transfer of shares	Nil	Nil	Nil
vii.	De-materialization matters	Nil	Nil	Nil
viii.	Others	02	02	Nil
<b>TOTAL</b>		<b>23</b>	<b>23</b>	Nil
i.	Securities Exchange Board of India (SEBI)	Nil	Nil	Nil
ii.	Ministry of Corporate Affairs (MCA)	Nil	Nil	Nil
iii.	National Stock Exchange of India Ltd. (NSE)	01	01	Nil
iv.	Registrar of Companies (ROC)	Nil	Nil	Nil
v.	Consumer Forum	Nil	Nil	Nil
<b>TOTAL</b>		<b>01</b>	<b>01</b>	Nil

**f. Remuneration Committee**

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

The Committee currently consists of three Independent Directors - Mr.P.S.Gopalakrishnan (Chairman), Dr.P.S.Mani Sundaram and Mr.V.R.Deenadayalu. The Committee did not meet during the year.

The details of remuneration paid to Chairman and Managing Director from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 is as follows:

(Amount in Rupees)

Name	Fixed Component			Variable Component
	Salary & Allowances	Retirement Benefits	Other Benefits	Commission
Mr. B H Kothari	48,00,000	5,76,000	--	45,39,000

The Company has not paid any remuneration to its Non-Executive Directors during the financial year 2011-12 other than the sitting fees for the Board/Committee meetings. The Company does not have any Stock Option Scheme.

**4) Directors' Sitting fees**

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

(Amount in Rupees)

Name of the Director	Sitting Fee Paid		
	Board Meeting	Audit Committee	Total
Mr.B.H.Kothari	Nil	Nil	Nil
Mr.P.S.Gopalakrishnan	37,500	24,000	61,500
Dr.P.S.Mani Sundaram	37,500	24,000	61,500
Mr.V.R.Deenadayalu	37,500	24,000	61,500
Mr.N.Chandramouli (*)	7,500	Nil	7,500

(\*) Resigned w.e.f. 20.07.2011

**5) Annual General Meeting**

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

Year	Venue	Date	Day	Time
2010-2011	Rani Seethai Hall No.603, Anna Salai Chennai - 600 006	September 08, 2011	Thursday	10.30 A.M.
2009-2010	The Music Academy, Mini Hall Old No. 306, New No.168 T.T.K. Road, Chennai-600 014	September 21, 2010	Tuesday	10.30 A.M
2008-2009		September 24, 2009	Thursday	11.00 A.M.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
September 08, 2011	No	-
September 21, 2010	No	-
September 24, 2009	No	-

**7) Postal Ballot**

During the financial year 2011-2012 no Special Resolution was passed through Postal Ballot.

**8) Disclosures**

During the financial year 2011-2012, the Audit Committee and the Board considered periodically the statement of related party transactions with details together with the basis at their meetings. There are no materially significant transactions with related parties conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard AS-18 has been made in the Annual Report.

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

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

As required under Clause 49 of the Listing Agreement a Certificate signed by the Chairman & Managing Director and Finance In-Charge is attached.

**9) Management Discussion and Analysis Report**

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

**10) Means of Communication**

All Quarterly and Annual financial results are published in The Financial Express and Malai Murasu, Chennai. The Financials and other important events are also posted in the Company's website at [www.hckotharigroup.com/kscl](http://www.hckotharigroup.com/kscl). The Half-Yearly financial results are not sent individually to the shareholders.

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

**11) General Shareholder Information**

**Annual general meeting**

Date and Time	September 25, 2012, Tuesday at 10.30. A.M.
Venue	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai-600 014

**12) Financial Calendar of the company**

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

Financial Reporting for 2012-2013 (Tentative)

Results for Quarter ending 30 <sup>th</sup> June, 2012	First fortnight of August 2012
Results for Quarter ending 30 <sup>th</sup> September, 2012	First fortnight of November, 2012
Results for Quarter ending 31 <sup>st</sup> December, 2012	First fortnight of February, 2013
Results for Quarter ending 31 <sup>st</sup> March, 2013	First fortnight of May, 2013

**13) Date of Book Closure**

The period of book closure is fixed from Tuesday, 18 September 2012 to Tuesday, 25 September 2012 (both days inclusive)

**14) Details of the outstanding ADRs/GDRs/WARRANTS OR CONVERTIBLE INSTRUMENTS**

Not applicable.

**15) Listing Particulars**

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing fees for the Financial Year 2012 - 13 has been paid. (Stock Code: KOTARISUG).

**16) Market Price Data: High, Low in each month of the Financial Year 2011-2012 on The National Stock Exchange of India Limited.**
**(Rupees)**

Month	High	Low	Month	High	Low
Apr 2011	7.30	6.35	Oct 2011	6.50	5.35
May 2011	6.70	5.25	Nov 2011	6.50	5.40
Jun 2011	6.60	5.85	Dec 2011	6.90	5.25
Jul 2011	7.25	6.00	Jan 2012	7.20	5.40
Aug 2011	6.90	5.50	Feb 2012	6.65	5.85
Sep 2011	6.80	5.35	Mar 2012	6.45	5.00

**17) Registrar and Share Transfer Agents**

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

**18) Distribution of Shareholding**

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5000	23,725	30,42,012
5001-10000	2,998	26,49,359
10001-20000	1,521	24,69,678
20001-30000	552	14,53,955
30001-40000	272	9,93,067
40001-50000	297	14,32,450
50001-100000	370	27,92,578
100001 and above	297	6,80,55,481
<b>Total</b>	<b>30,032</b>	<b>8,28,88,580</b>

**19) Shareholding Pattern**

Sl. No.	Category	No. of Holders	No. of shares	% of Shares
(i)	Promoters	6	5,02,47,519	60.62
(ii)	Resident Indians	29,362	2,47,56,726	29.86
(iii)	Domestic Companies	536	44,74,963	5.40
(iv)	Financial Institutions	9	29,15,302	3.52
(v)	Non-Resident Indians	110	4,93,271	0.60
(vi)	Directors & Relatives	2	474	0.00
(vii)	Mutual Funds	7	325	0.00
	<b>Total</b>	<b>30,032</b>	<b>8,28,88,580</b>	<b>100.00</b>

**20) De-materialization of Shares**

As on March 31, 2012, 8,27,95,799 shares representing 99.89% of the Company's total shares were held in dematerialized form and the balance shares were held in physical form.

ISIN No.INE419A01022

**21) Plant Locations & Addresses**

Kattur	Kattur Railway Station, Lalgudi, Trichy District - 621 601. Tamiinadu Phone Nos. : 0431-2541224, 2541350, Fax No. : 0431 - 2541451
Sathamangalam	Sathamangalam Village, Vetriyur Post, Via - Keezhapalur, Ariyalur Taluk, Perambalur District - 621 707, Tamiinadu. Phone Nos: 04329-320800, Fax No:04329 - 209730



22) Contacts

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

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

Place : Chennai  
 Date : August 03, 2012

**B.H.Kothari**  
 Chairman and Managing Director

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended March 31, 2012.

for **Kothari Sugars & Chemicals Limited**

Place : Chennai  
 Date : August 03, 2012

**B.H.Kothari**  
 Chairman and Managing Director

**CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF LISTING AGREEMENT**

We, B.H.Kothari, Chairman & Managing Director and Mr.J.Sreenivas, Finance In-Charge of the Company hereby confirm and certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended March 31, 2012 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
  - (i) significant changes in internal control over financial reporting during the year, if any
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any 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 : August 03, 2012

**J.Sreenivas**  
 Finance In-Charge

**B.H.Kothari**  
 Chairman and Managing Director



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Member of Kothari Sugars & Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Kothari Sugars & Chemicals Limited, for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certificate by the Registrar and Share Transfer Agent of the Company, there were no investors' grievances remaining unattended / pending for more than 30 days as on March 31, 2012.

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

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

Place : Chennai  
Date : August 03, 2012

**R.Rajaram**  
Partner  
**M.No.25210**

**REPORT OF THE AUDITORS TO THE MEMBERS**

1. We have audited the attached Balance Sheet of Kothari Sugars and Chemicals Limited as at 31st March 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to the company.
4. Further to our comments in the annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of such books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and schedules attached thereto, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
    - i) in so far it relates to the Balance Sheet, the state of affairs of the company as at 31st March 2012,
    - ii) in so far it relates to the Statement of Profit and Loss, of the profit for the year ended on that date, and
    - iii) in so far it relates to the Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

Place : Chennai  
Date : August 03, 2012

**R.Rajaram**  
Partner  
**M.No.25210**

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

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

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

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

5. The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
6. The company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and there was no continuing failure to correct any major weakness.
8. In our opinion and according to the explanations given to us, there are no transactions made in pursuance of

contracts or arrangements requiring entry in the registers maintained under Section 301 of the Companies Act, 1956.

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

According to the information and explanations given to us, Purchase Tax and Sales Tax amounting to Rs.811.09 lacs has been in arrears for a period exceeding six months from the date they became payable. The company has appealed to the authorities in terms of the AAIFR order dated 17.06.2004 in respect of these liabilities.

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

13. The Company has no accumulated losses at the end of the year. The Company has not incurred any cash loss during the year and in the immediately preceding financial year.

Sl. No.	Nature of Statute	Forum Where Disputed	Amount Unpaid Rs in lakhs
(a)	Central Excise	Joint Asst. Comm. Central Excise	466.05
(b)	Central Excise	CESTAT	75.32
(c)	Central Excise	High Court	3.75
(d)	Customs	Commissioner Appeals	73.39

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

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

**R.Rajaram**  
Partner  
**M.No.25210**

Place : Chennai  
Date : August 03, 2012

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2012**

₹ in lakhs

	Particulars	Note No.	As at 31.03.2012		As at 31.03.2011	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
1)	<b>Shareholders' funds</b>					
	a) Share Capital	2	9,213.86		9,313.86	
	b) Reserves and surplus	3	3,179.46		2,338.15	
				12,393.32		11,652.01
2)	<b>Non-Current liabilities</b>					
	a) Long-term borrowings	4	10,137.85		11,607.17	
	b) Deferred tax liabilities (Net)	5	1,383.89		719.88	
	c) Other Long term liabilities	6	2,183.88		2,145.14	
				13,705.62		14,472.19
3)	<b>Current liabilities</b>					
	a) Short-term borrowings	7	1,949.97		2,023.37	
	b) Trade payables	8	4,316.64		2,554.78	
	c) Other current liabilities	9	3,401.32		4,386.42	
	d) Short-term provisions	10	50.42		42.20	
				9,718.35		9,006.77
	<b>TOTAL</b>			35,817.29		35,130.97
<b>II</b>	<b>ASSETS</b>					
1)	<b>Non-current assets</b>					
	a) Fixed assets					
	i) Tangible assets	11	18,236.69		18,383.06	
	ii) Intangible assets	11	16.68		21.09	
	iii) Capital work-in-progress		2,510.19		1,514.57	
	b) Non-current investments	12	29.04		29.04	
	c) Long-term loans and advances	13	796.45		461.68	
	d) Other non-current assets	14	82.50		51.79	
				21,671.55		20,461.23
2)	<b>Current assets</b>					
	a) Current investments	15	627.05		3,171.27	
	b) Inventories	16	9,074.40		5,470.40	
	c) Trade receivables	17	2,016.20		1,429.49	
	d) Cash and Bank balances	18	1,731.09		3,899.53	
	e) Short-term loans and advances	19	490.94		343.18	
	f) Other current assets	20	206.06		355.87	
				14,145.74		14,669.74
	<b>TOTAL</b>			35,817.29		35,130.97
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1-35				

For and on behalf of the Board

As per our Report of even date

**B H Kothari**  
 Chairman and Managing Director

**P S Gopalakrishnan**  
 Director

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

 Place : Chennai  
 Date : August, 03, 2012

**R Prakash**  
 Company Secretary

**R Rajaram**  
 Partner

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

₹ in lakhs

	Particulars	Note No.	Year Ended 31st March 2012	Year Ended 31st March 2011
I	Revenue from Operations (Gross) Less: Excise Duty <b>Revenue from operations (net)</b>	21	<b>32,961.15</b> <b>756.70</b> <b>32,204.45</b>	27,756.94 571.62 27,185.32
II	Other Income	22	<b>479.66</b>	929.80
III	<b>Total Revenue (I+II)</b>		<b>32,684.11</b>	28,115.12
IV	<b>Expenses:</b>			
	(a) Cost of materials consumed	23	<b>27,139.59</b>	20,632.34
	(b) Changes in inventories of finished goods Work-in-progress and Stock-in-Trade	24	<b>(3,343.03)</b>	(516.68)
	(c) Employee benefits expense	25	<b>1,455.93</b>	1,226.47
	(d) Finance costs	26	<b>510.29</b>	671.11
	(e) Depreciation and amortization expenses	27	<b>1,315.07</b>	1,379.27
	(f) Other expenses	28	<b>3,726.73</b>	3,477.74
	<b>Total Expenses</b>		<b>30,804.58</b>	26,870.25
V	Profit before exceptional and extraordinary items and tax (III-IV)		<b>1,879.53</b>	1,244.87
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		<b>1,879.53</b>	1,244.87
VIII	<b>Less : Tax expense</b>			
	(a) Current tax		<b>374.21</b>	235.10
	(b) Deferred tax		<b>664.01</b>	252.70
			<b>1,038.22</b>	487.80
IX	Profit for the year (VII-VIII)		<b>841.31</b>	757.07
X	Earnings per equity share:			
	1) Basic		<b>1.01</b>	0.91
	2) Diluted		<b>1.01</b>	0.91
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1-35		

For and on behalf of the Board

As per our Report of even date

**B H Kothari**  
Chairman and Managing Director

**P S Gopalakrishnan**  
Director

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

Place : Chennai  
Date : August, 03, 2012

**R Prakash**  
Company Secretary

**R Rajaram**  
Partner

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

₹ in lakhs

Particulars		As at 31.03.2012	As at 31.03.2011
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit / (Loss) before tax	1,879.53	1,244.87
	<b>Adjustments for :</b>		
	Depreciation	1,315.07	1,379.27
	interest income	(244.27)	(204.07)
	Dividend income from Associate	(60.10)	-
	Bad Debts	28.71	-
	Liability no longer required written back	(9.10)	(356.20)
	Provision for Compensated absences	20.08	23.09
	Finance Cost - Interest	467.03	648.39
	Unrealised Exchange Variation (Net)	(9.22)	-
	Provision for Diminution in value of Investments	75.70	4.94
	Loss on Sale of assets (Vehicles)	2.41	7.11
	Loss / (Gain) on sale of Investments	163.42	(208.17)
	Income from Mutual Fund Investment	(34.76)	(70.22)
		<b>1,714.99</b>	<b>1,224.15</b>
	<b>Operating Profit before Working Capital changes</b>	<b>3,594.52</b>	<b>2,469.02</b>
	(Increase) / Decrease in Trade Receivables	(606.20)	494.33
	(Increase) / Decrease in Other Receivables	25.63	(406.13)
	(Increase) / Decrease in Inventories	(3,604.00)	(338.84)
	Increase / (Decrease) in Trade Payables and Other Payables	438.52	(184.18)
		<b>(3,746.05)</b>	<b>(434.82)</b>
	<b>Cash Generation from Operations</b>	<b>(151.54)</b>	<b>2,034.20</b>
	Less: Income Tax Paid	476.54	142.54
	<b>Net Cash Generation from Operating Activities - (A)</b>	<b>(628.08)</b>	<b>1,891.66</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure	(2,168.84)	(558.83)
	Proceeds from sale of Investments (net)	2,464.64	617.77
	Interest Received	244.27	204.07
	Dividend Income from Associate	60.10	-
	Consideration for Sale of Fixed assets	10.40	16.59
	(Loss) / Gain on sale of Investments	(163.42)	208.17
	Income from Mutual Fund Investment	34.76	70.22
	<b>Net Cash from Investing activities - (B)</b>	<b>481.90</b>	<b>557.99</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Redemption of Preference Share Capital	(100.00)	(100.00)
	Proceeds from Term loans and Other borrowings	389.59	1,720.24
	Repayment of Borrowings	(1,932.31)	(2,114.69)
	Interest paid	(467.03)	(648.38)
	<b>Net Cash used in Financing activities - C</b>	<b>(2,109.74)</b>	<b>(1,142.83)</b>
	<b>Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C</b>	<b>(2,255.92)</b>	<b>1,306.81</b>
	Cash and Cash equivalents at the beginning of the year	3,570.86	2,264.04
	Cash and Cash equivalents at the close of the year (Ref.Note18)	1,314.94	3,570.85
		<b>2,255.92</b>	<b>(1,306.81)</b>

For and on behalf of the Board

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

**B H Kothari**  
 Chairman and Managing Director

**P S Gopalakrishnan**  
 Director

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

 Place : Chennai  
 Date : August, 03, 2012

**R Prakash**  
 Company Secretary

**R Rajaram**  
 Partner

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### (a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

##### (b) BASIS OF CONSOLIDATION

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

##### (c) FIXED ASSETS & DEPRECIATION

- (i) Fixed assets are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.
- (ii) Depreciation on fixed assets is provided at Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956. Based on technical opinion, plant and machinery have been classified as continuous process plant and depreciation has been provided at 5.28% on the original cost. Assets costing less than Rs.5,000/- are fully depreciated.

##### (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 rates. Resultant exchange difference is recognized as income or expense in that period.

##### (e) INVESTMENTS

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

##### (f) INVENTORIES

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

##### (g) REVENUE RECOGNITION

- (i) All revenues are accounted on accrual basis.
- (ii) Sales are net of trade discounts and sales tax.
- (iii) Dividend income is accounted when the right to receive is established.

##### (h) RETIREMENT BENEFITS

###### Defined Contribution Plans

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

###### Defined benefit plans

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



**NOTES FORMING PART OF FINANCIAL STATEMENTS****(i) RESEARCH AND DEVELOPMENT**

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

**(j) 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".

**(k) 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.

**(l) CONTINGENT LIABILITIES & PROVISIONS**

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

**(m) EARNINGS PER SHARE**

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

**(n) 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
2	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	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
	<b>Total</b>	<b>14,400.00</b>	<b>14,400.00</b>
	<b>ISSUED SUBSCRIBED AND FULLY PAID-UP</b>		
	<b>Equity Share Capital</b>		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs 10/- each {Of the above the holding company holds 4,99,86,610 shares (previous year 4,60,66,885)}	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.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	12,00,000 (P.Y.12,00,000) Preference Shares of Rs 100/- each Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	1,200.00 375.00	1,200.00 300.00
	<b>A</b>	<b>825.00</b>	<b>900.00</b>
{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Company Pvt. Ltd) holds 2,50,000 shares} The redemption is as under: 50% of the face value of preference shares in 28 equal quarterly instalments commencing from 17.09.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.			
<b>Zero Percent Redeemable Preference Share Capital</b>			
20,00,000 (P.Y.20,00,000) Preference Shares of Rs 10/- each Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	200.00 100.00	200.00 75.00	
<b>B</b>	<b>100.00</b>	<b>125.00</b>	
These will be redeemed as under: 50% of the face value of preference shares in 28 equal quarterly instalments commencing from 17.09.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.			
<b>A+B</b>	<b>925.00</b>	<b>1,025.00</b>	
<b>Total</b>	<b>9,213.86</b>	<b>9,313.86</b>	

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	<b>(a) Equity Shares</b>	<b>No. of Shares</b>	
	<b>Reconciliation of Number of Shares</b>		
	Shares outstanding at the beginning	8,28,88,580	8,28,88,580
	Shares outstanding at the end	8,28,88,580	8,28,88,580
	<b>List of shareholders holding more than 5% of the total number of shares issued by the Company:</b>		
	Parvathi Trading & Finance Co.Pvt.Ltd. (Holding Company) (60%) (P.Y.56%)	4,99,86,610	4,60,66,885
	<b>(b) Preference Shares</b>		
	<b>Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.100/-each</b>		
	Shares outstanding at the beginning	12,00,000	12,00,000
	Shares outstanding at the end	12,00,000	12,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	Industrial Development Bank of India (45.83%) (P.Y. 45.83%)	5,50,000	5,50,000
	Parvathi Trading & Finance Co. Pvt. Ltd (Holding Company) (20.83%) (P.Y. 20.83%)	2,50,000	2,50,000
	Federal Bank (16.67%) (P.Y. 16.67%)	2,00,000	2,00,000
	<b>Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.10/-each</b>		
	Shares outstanding at the beginning	20,00,000	20,00,000
	Shares outstanding at the end	20,00,000	20,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	Industrial Development Bank of India (100%) (P.Y. 100%)	20,00,000	20,00,000
<b>3</b>	<b>Reserves and Surplus</b>	<b>₹ in lakhs</b>	
	Capital Redemption Reserves		
	Opening Balance	375.00	275.00
	Add:On redemption of Preference Shares	100.00	100.00
	<b>Total</b>	<b>475.00</b>	<b>375.00</b>
	Debenture Redemption Reserve		
	Opening Balance	525.00	450.00
	Add:Transferred from Surplus in Statement of Profit and Loss	75.00	75.00
	<b>Total</b>	<b>600.00</b>	<b>525.00</b>
	<b>Surplus in statement of Profit and Loss</b>		
	Opening Balance	1,438.15	856.08
	Add: Profit for the Year	841.31	757.07
	<b>Less:</b>		
	Transfer to Capital Redemption Reserve	100.00	100.00
	Transfer to Debenture Redemption Reserve	75.00	75.00
	<b>Closing Balance</b>	<b>2,104.46</b>	<b>1,438.15</b>
	<b>Grand Total</b>	<b>3,179.46</b>	<b>2,338.15</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
4	<b>Long-term borrowings</b>		
	<b>Debentures</b>		
	20,31,018 (P.Y.20,31,018) Zero Coupon Bonds of Rs 100/- each redeemable at par in equal quarterly instalments from 4th (2007-2008) to 10 <sup>th</sup> year (2013-14)	2,031.02	2,031.02
	<b>Less</b> : Amount paid towards redemption in quarterly instalments as per AAIFR order dated 17.06.2004.	1,668.35	1,378.20
	Rs.652.83 lacs (Rs.362.68 Lacs under long term borrowings and Rs.290.15 Lacs under current maturities of long term debt) (P.Y.-Rs 942.97 lacs) are secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the company.		
	Of the above, Rs.376.05 lacs (previous year Rs.543.18 lacs) is due to the Holding Company.		
	Repayable in 28 equal quarterly instalments starting from September 2007. Last instalment due in June 2014. Number of instalments due is 9. Rate of Interest is Nil		
	<b>Total (a)</b>	<b>362.67</b>	652.82
	20,31,017 (P.Y.20,31,017) Zero Coupon Bonds of Rs. 100/- each redeemable at par at the end of the 25th year (2029-2030)	2,031.02	2,031.02
	Of the above amount due to the Holding Company is Rs.1,533.43 Lacs		
	Secured by first charge on all movable and immovable properties except book debts of the company 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		
	<b>Total (b)</b>	<b>2,031.02</b>	2,031.02
	<b>Total (a+b)</b>	<b>2,393.69</b>	2,683.84
	Debentures/Zero coupon Bonds are secured by the first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the company.		
	<b>Term Loans from</b>		
	Banks	-	524.14
	Sugar Development Fund	5,992.90	6,490.59
	Holding Company (Parvathi Trading & Finance Company Private Limited)	967.84	1,085.15
	Others	734.43	823.45
	<b>Total (c)</b>	<b>7,695.17</b>	8,923.33
	Secured	6,960.74	8,099.88
	Unsecured	734.43	823.45
	<b>Total</b>	<b>7,695.17</b>	8,923.33
	Current maturities of Long Term Debt grouped under "Other Current Liabilities" (Refer Note 9)	1,907.89	3,245.55

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Term Loan from Banks**

Term Loan from Indian Bank Nil (P.Y. Rs.1333.62 lacs) and Rs.524.14 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, Tamil Nadu. Balance installment is 3. Rate of Interest 12% p.a. Amount of each instalment is Rs.202 lacs.

**Term Loan from Sugar Development Fund**

- i) Rs.2,566.20 Lacs (P.Y. Rs.2,566.20 Lacs) Secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu, except book debts of the Company. Annual repayment in 5 equal annual installments starting from December 2014 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs.513.24 lacs. Balance installments is 5.
- ii) Rs.1,720.24 Lacs (P.Y. Rs.1,720.24 lacs) Secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur Unit, Tamil Nadu, except book debts of the Company. Repayment in 5 equal annual installments starting from July 2019 to July 2023 Rate of Interest 4% p.a. Amount of each installment Rs.344.05 lacs. Balance installments is 5.
- iii) Rs.840 lacs (P.Y. Rs.1,176 lacs) of which Rs.504 Lacs under long term borrowings and Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu, except book debts of the Company. Repayment in 10 half yearly installments starting from March 2010 to September 2014. Balance Installments is 5. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.
- iv) Rs.1,008 lacs (P.Y. Rs.1344 lacs) of which Rs.672 Lacs under long term borrowings and Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situate at Kattur, Tamil Nadu, except book debts of the Company. Repayment in 10 half yearly equal installments starting from September 2010 to March 2015. Balance installments is 6. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.
- v) Rs.73.20 lacs under current maturities of long term debt (P.Y. Rs.146.40 Lacs) Secured by bank Guarantee. Repayment in 8 equal half yearly installments from May 2009 to November 2012. Balance installments is 2. Rate of Interest-4 % p.a. Amount of each installment Rs.36.60 lacs.
- vi) Rs 99.34 lacs (P.Y. Rs.132.45 lacs) of which Rs.66.34 Lacs under long term borrowings and Rs.33 lacs under current maturity secured by bank Guarantee. Repayment in 4 equal annual installments from August 2011 to August 2014. Balance installments is 3. Rate of Interest-4 % p.a. Amount of each installment Rs.33.11 lacs.
- vii) Rs.116.80 (P.Y. Nil) Secured by bank Guarantee Repayment in 4 Annual Equal Installments starting from April 2014 to April 2017. Balance installments is 4. Rate of Interest - 4% p.a. Amount of each installment Rs.29.20 lacs.
- viii) Rs.103.61 lacs (P.Y. Rs.172.69 lacs) of which Rs.34.54 Lacs under long term borrowings and Rs.69.07 lacs under current maturity secured by bank Guarantee. Repayment in 8 half yearly installments starting from January 2010 to July 2013. Balance installments is 3. Rate of Interest - 4% p.a. Amount of each installment Rs.34.54 lacs
- ix) Rs.80 lacs (P.Y. Rs.120 lacs) of which Rs.40 Lacs under long term borrowings and Rs.40 lacs under current maturity. Repayment in 4 equal annual Installments starting from October 2010 to October 2013. Balance installments is 2. Rate of Interest - 4% p.a. Amount of each installment Rs.40 lacs.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

- x) Rs.272.79 lacs (P.Y. year Rs.Nil) Repayment 4 equal Annual Installments starting from February 2015 to February 2018. Balance installments is 4. Rate of Interest - 4% p.a. Amount of each installment Rs.68.20 lacs.

**Term Loan from Holding Company**

- i) Rs.821.20 lacs (P.Y. Rs.821.20 lacs). Secured by Hypothecation of Movable properties and Inventories situated at Kattur unit, Tamil Nadu. Payable in June 2029. Rate of Interest - Nil.
- ii) Rs.263.96 lacs (P.Y. Rs.381.26 lacs) of which Rs.146.64 Lacs under long term borrowings and Rs.117.32 lacs under current maturity secured by hypothecation of movable properties and Inventories situated at Kattur unit, Tamil Nadu Payable in 28 equal quarterly installments Balance Installments is 9. Rate of Interest is Nil. Amount of each installment Rs.29.33 lacs.

**Term Loan from Others (Unsecured)**

- i) Rs. 623.15 lacs (P.Y. Rs.623.15 lacs) payable in June 2029. Rate of Interest is Nil.
- ii) Rs.200.30 lacs (P.Y. Rs.289.31 lacs) of which Rs.111.28 Lacs under long term borrowings and Rs.89.02 lacs under current maturity. Repayment in 4 equal quarterly installments. Balances installments is 9. Rate of Interest is Nil. Amount of each installment Rs.22.26 lacs.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	31st March 2012	31st March 2011
	<b>Other Loans (Secured)</b>		
	Vehicle Loan	48.99	-
	<b>Total (d)</b>	48.99	-
	Vehicle loan of Rs.81.72 lacs (P.Y. Nil) of which Rs.32.73 lacs is shown under Current liabilities "Current maturity of vehicle loan". Last repayment due in March 2015. Amount of each instalment Rs.2.73 lacs. Balance installments 35. Rate of Interest 10.42% p.a.		
	<b>Grand Total (a+b+c+d)</b>	10,137.85	11,607.17
<b>5</b>	<b>Deferred Tax Liability / (Asset)</b>		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	2879.37	2817.69
	Deferred Tax Asset		
	Sec.43B Disallowances under IT Act, 1961	(273.78)	(357.92)
	Provision for Diminution in value of current investments	(38.43)	-
	Carry Forward Depreciation loss	(1,183.27)	(1,739.89)
	Deferred Tax Liability (Net) <b>Total</b>	1,383.89	719.88
<b>6</b>	<b>Other Long-term Liabilities</b>		
	Trade payables	514.03	450.03
	Interest accrued but not due on Loans	589.34	417.42
	Deferred Sales Tax payable as per AAIFR	607.04	811.08
	Other payables and Deposits	473.47	466.61
	<b>Total</b>	2,183.88	2,145.14
	<b>Current Liabilities</b>		
<b>7</b>	<b>Short-Term Borrowings</b>		
	Loans repayable on demand		
	From banks*	1,949.97	2,023.37
	<b>Total</b>	1,949.97	2,023.37
	Secured	1,949.97	2,023.37
	*Cash Credit from Indian Bank for Rs.1949.97 Lacs (P.Y. Rs.2023.37 Lacs) is secured by exclusive first charge on land, Buildings and Plant and Machinery and all the movable properties (present and future) of the Sathamangalam Sugar and Cogeneration Unit		
<b>8</b>	<b>Trade Payables</b>	4,316.64	2,554.78
	<b>Total</b>	4,316.64	2,554.78
	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.		
<b>9</b>	<b>Other Current Liabilities</b>		
	Current maturity of long term debt	1,907.89	3,245.55
	Current maturity of Deferred Sales Tax payable as per AAIFR	204.05	204.05
	Current maturity of Interest accrued but not due on borrowings	16.20	14.26
	Current maturity of vehicle loan	32.73	-
	Investor Education and Protection Fund (Fractional Shares & Debenture Redemption)	-	4.12
	Statutory Remittances	257.28	210.24
	Gratuity	58.81	40.56
	Advances from Customers	161.14	122.19
	Others	763.22	545.45
	<b>Total</b>	3,401.32	4,386.42

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No	Particulars	₹ in lakhs	
		31st March 2012	31st March 2011
10	Short-term Provisions Provision for employee benefits Compensated absences Superannuation Bonus & Exgratia	20.09 2.50 27.83	23.09 2.23 16.88
	<b>Total</b>	<b>50.42</b>	<b>42.20</b>

## 11. Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	For the Year	Deductions	As at 31.03.2012	As at 31.03.2011
(i) Tangible Assets								
Land	362.34	-	-	362.34	-	-	362.34	362.34
Buildings	3,496.25	0.85	-	3,497.10	102.13	9.70	2,632.53	2,724.11
Plant and Equipment	27,165.87	999.21	14.99	28,150.09	1,181.57	11.41	14,924.73	15,110.67
Furniture and Fixtures	223.00	0.47	0.40	223.07	10.56	0.19	112.04	122.34
Vehicles	139.65	171.62	42.35	268.92	15.33	27.52	205.05	63.60
<b>Total</b>	<b>31,387.11</b>	<b>1,172.15</b>	<b>57.74</b>	<b>32,501.52</b>	<b>1,309.59</b>	<b>48.82</b>	<b>18,236.69</b>	<b>18,383.06</b>
<b>Previous year</b>	31,133.87	290.39	37.14	31,387.11	1,374.00	13.44	18,383.06	19,491.65
(ii) Intangible assets								
Computer Software	32.91	1.08	-	33.98	5.48	-	16.68	21.09
<b>Total</b>	<b>32.01</b>	<b>1.08</b>	<b>-</b>	<b>33.08</b>	<b>5.48</b>	<b>-</b>	<b>16.68</b>	<b>21.09</b>
<b>Previous year</b>	32.91	-	-	32.91	5.27	-	21.09	25.09



**NOTE 15(a) FORMING PART OF FINANCIALS STATEMENT**

₹ in lakhs

As at 31.03.12 Qty.	As at 31.03.11 Qty.	Investment	Category	As at 31.03.12	As at 31.03.11
	<b>A</b>	<b>NON-CURRENT INVESTMENT AT COST</b>			
		<u>Government Securities</u>			
		INDIRA VIKAS PATRA	Non-Trading	0.06	0.06
		<u>Subsidiary Companies - Equities (Fully paid up) Unquoted</u>			
999,950	999,950	KOTHARI INTERNATIONAL TRADING LTD. - RS.10 EACH	Non-Trading	99.99	99.99
		<u>Associate Companies - Equities (Fully paid up) Quoted</u>			
12,019,000	12,019,000	KOTHARI PETROCHEMICALS LTD. OF RS.10 EACH	Non-Trading	1,201.90	1,201.90
		<u>Associate Companies - Equities (Fully paid up) Unquoted</u>			
20	20	KOTHARI BIO-TECH LTD. - RS.10 EACH	Non-Trading	0.003	0.003
		<u>Equities - Others (Fully paid up) - Quoted</u>			
5,000	5,000	GUJARAT PETROSYNTHESE LTD. (Rs.10 EACH)	Non-Trading	2.50	2.50
		<u>Equities - Others (Fully paid up) - Unquoted</u>			
50,000	50,000	BIO-TECH CONSORTIUM LTD. (Rs.10 EACH)	Non-Trading	5.00	5.00
		<u>Equities - Others (Fully paid up)-Unquoted</u>			
2,086	2,086	KOTHARI SUGARS & CHEMICALS LTD - EMPLOYEES COOPERATIVE SOCIETY LTD OF RS.10 EACH	Non-Trading	0.20	0.20
		<b>TOTAL Non-Current Investment at cost</b>		<b>1,309.64</b>	<b>1,309.64</b>
		<b>Provision for Diminution in value of Investment</b>		<b>1,280.60</b>	<b>1,280.60</b>
		<b>TOTAL Non-Current Investment (Net)</b>		<b>29.04</b>	<b>29.04</b>
		<b>Aggregate of :</b>			
		<b>Quoted non-current Investments at cost</b>		<b>1,309.64</b>	<b>1,309.64</b>
		<b>Market Value of Quoted Investments</b>		<b>638.64</b>	<b>873.28</b>
	<b>B</b>	<b>CURRENT INVESTMENT AT COST</b>			
		(Valued at lower of cost and market value)			
		<u>Equities - Others (Fully paid up) - Quoted</u>			
-	300	ABB LIMITED (Rs.2 EACH)	Trading	-	3.49
-	2,500	BALRAMPUR CHINI MILLS LTD. (Re.1 EACH)	Trading	-	3.09
-	4,050	BHARTI AIRTEL LIMITED (Rs.5 EACH)	Trading	-	16.57
-	700	CESC LTD. (Rs.10 EACH)	Trading	-	3.82
-	475	DLF LTD. (Rs.2 EACH)	Trading	-	4.36
-	15,000	GMR INFRASTRUCTURE (Re.1 EACH)	Trading	-	14.49
-	2,800	HCL INFOSYSTEMS LTD. (Rs.2 EACH)	Trading	-	5.41
-	1,000	IDFC (Rs.10 EACH)	Trading	-	2.11
-	1,000	INDIAN HOTELS (Re.1 EACH)	Trading	-	1.26
-	4,200	JAIPRAKASH ASSOCIATES LTD. (Rs.2 EACH)	Trading	-	6.56
-	300	ADANI PORT (Rs.10 EACH)	Trading	-	3.01
-	11,700	NTPC LTD. (Rs.10 EACH)	Trading	-	24.50
-	2,500	POWERGRID Rs.10 EACH)	Trading	-	3.61
-	3,000	PRAKASH INDUSTRIES (Rs.10 EACH)	Trading	-	6.84
-	4,900	PUNJ LLOYD LIMITED (Rs.2 EACH)	Trading	-	15.90
-	5,000	RELIANCE COMMUNICATIONS LIMITED (Rs.5 EACH)	Trading	-	20.34
-	2,350	RELIANCE INDUSTRIES LTD. (Rs.10 EACH)	Trading	-	26.44
-	4,375	RELIANCE POWER LTD. (Rs.10 EACH)	Trading	-	12.37
		<b>Total</b>		<b>-</b>	<b>174.19</b>
		<u>Investment in Mutual Funds - Quoted</u>			
-	97,561	FORTIS CHINA - INDIA FUND	Trading	-	10.00
-	327,255	FORTIS OPPURTUNITIES FUND	Trading	-	65.00
-	114,133	HSBC EQUITY FUND	Trading	-	50.00
-	47,041	JM BASIC FUND	Trading	-	13.65
-	161,751	LIC MF INDEX NIFTY FUND	Trading	-	25.00
-	77,440	PRINCIPAL BALANCED FUND	Trading	-	15.00
-	136,986	PRINCIPAL LARGE CAP FUND	Trading	-	36.05
-	57,291	RELIANCE POWER SECTOR FUND	Trading	-	31.11
-	36,459	RELIANCE VISION FUND	Trading	-	25.00
-	294,805	RELIGARE AGILE FUND-(LOTUS INDIA AGILE FUND)	Trading	-	30.00
-	75,697	SUNDARAM SELECT MIDCAP FUND	Trading	-	19.04
-	66,782	SUNDARAM SMILE FUND	Trading	-	10.00
-	245,694	SBNPP CAPEX OPPORTUNITIES FUND	Trading	-	38.00
-	90,941	SUNDARAM CAPEX OPPORTUNITY FUND	Trading	-	29.46

## NOTE 15(b) FORMING PART OF FINANCIALS STATEMENT

₹ in lakhs

As at 31.03.12 Qty.	As at 31.03.11 Qty.	Investment	Category	As at 31.03.12	As at 31.03.11
		<b>Investment In Mutual Funds (Quoted)</b>			
-	119,078	TATA INFRASTRUCTURE FUND	Trading	-	37.68
-	54,915	TAURUS INFRA TIPS	Trading	-	10.00
-	191,729	UTI NIFTY INDEX FUND	Trading	-	60.00
64,851	-	BIRLA FRONTLINE EQUITY FUND	Trading	15.00	-
59,738	-	FRANKLIN FLEXICAP FUND	Trading	10.00	-
103,869	-	FRANKLIN INDIA PRIMA FUND	Trading	50.00	-
51,960	-	FRANKLIN INDIA PRIMA PLUS FUND	Trading	16.20	-
27,333	-	FT INDIA BALANCED FUND	Trading	6.00	-
100,000	-	IDBI JUNIOR NIFTY INDEX FUND	Trading	10.00	-
200,000	-	RELIANCE INDEX FUND - NIFTY	Trading	20.00	-
52,604	-	SBI MAGNUM COMMA FUND	Trading	10.00	-
93,528	-	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA	Trading	25.00	-
66,782	-	SUNDARAM SMILE FUND	Trading	10.00	-
245,694	-	SBNPP CAPEX OPPORTUNITIES FUND	Trading	38.00	-
27,279	-	JM MONEY MANAGER FUND SUPER PLUS PLAN	Trading	4.12	-
153,227	-	RELIANCE LIQUID FUND - TREASURY PLAN - INSTL	Trading	40.00	-
867	-	RELIANCE MONEY MANAGER FUND - INSTL	Trading	12.68	-
1,384,399	-	RELIANCE QUARTERLY INTERVAL FUND - SERIES III	Trading	200.00	-
2,861	-	SBI SHF ULTRA SHORT TERM FUND - INSTL	Trading	40.04	-
1,898	-	TATA TREASURY MANAGER - SHIP	Trading	23.22	-
465	-	TAURUS ULTRA SHORT TERM BOND FUND - RETAIL	Trading	5.83	-
146,259	-	TEMPLETON INDIA ULTRA SHORT BOND FUND	Trading	20.00	-
2,189	-	UTI TREASURY ADVANTAGE FUND - INSTL	Trading	31.63	-
-	18,205	BARODA PIONEER LIQUID FUND - INSTITUTIONAL	Trading	-	204.45
-	1,315	BHARTI AXA EQUITY FUND REGULAR PLAN	Trading	-	0.18
-	64,851	BIRLA SUNLIFE FRONLINE EQUITY FUND	Trading	-	15.00
-	876,391	CANARA ROBECO FLOATING RATE SHORT TERM	Trading	-	133.25
-	124,573	CANARA ROBECO INCOME FUND	Trading	-	25.00
-	1,414,558	DWS TREASURY FUND CASH - INSTITUTIONAL	Trading	-	141.46
-	59,738	FRANKLIN INDIA FLEXI CAP FUND	Trading	-	10.00
-	51,960	FRANKLIN INDIA PRIMA PLUS FUND	Trading	-	16.20
-	41,547	FRANKLIN INDIA PRIMA FUND	Trading	-	50.00
-	27,333	FT INDIA BALANCED FUND	Trading	-	6.00
-	100,000	FIDELITY SHORT TERM FUND - REGULAR	Trading	-	10.00
-	133,333	FIDELITY CASH FUND - RETAIL PLAN	Trading	-	17.40
-	112,977	HDFC INCOME FUND	Trading	-	25.00
-	123,625	HDFC CASH MANAGEMENT FUND	Trading	-	26.27
-	100,000	IDBI NIFTY JUNIOR INDEX FUND	Trading	-	10.00
-	23,494	IDFC SAVINGS ADVANTAGE FUND	Trading	-	234.98
-	226,440	JP MORGAN INDIA LIQUID FUND - RETAIL	Trading	-	26.39
-	500,000	KOTAK FMP 6M SERIES 10	Trading	-	50.00
-	66,942	PRINCIPAL GROWTH FUND	Trading	-	17.47
-	22,391	PRAMERICA LIQUID FUND - INSTL PLAN	Trading	-	234.04
-	200,000	RELIANCE INDEX FUND - NIFTY	Trading	-	20.00
-	656,520	RELIANCE LIQUID FUND - TREASURY PLAN	Trading	-	104.31
-	2,000,000	RELIANCE FIXED HORIZON FUND-VIII-SERIES-11	Trading	-	200.00
-	1,128,029	RELIANCE MONTHLY INTERVAL FUND-SERIES-II-INSTL.	Trading	-	149.99
-	52,604	SBI MAGNUM COMMA FUND	Trading	-	10.00
-	85,005	SBI MAGNUM BALANCED FUND	Trading	-	25.00
-	73,357	SBI MAGNUM EQUITY FUND	Trading	-	25.00
-	93,528	SBI MAGNUM SECTOR FUNDS UMBRELLA CONTRA FUND	Trading	-	25.00
-	1,273,488	SBI MAGNUM INSTA CASH FUND-CASH OPTION	Trading	-	277.24
-	116,982	SUNDARAM BNP PARIBAS SELECT MIDCAP FUND	Trading	-	25.00
-	212,413	TATA FLOATER FUND	Trading	-	31.14

**NOTE 15(b) FORMING PART OF FINANCIALS STATEMENT**

₹ in lakhs

As at 31.03.12 Qty.	As at 31.03.11 Qty.	Investment	Category	As at 31.03.12	As at 31.03.11
-	4,253	TAURUS LIQUID FUND	Trading	-	54.78
-	500,000	TAURUS FMP SERIES	Trading	-	50.00
-	199,085	TEMPLETON FLOATING RATE	Trading	-	35.66
-	1,000,656	TEMPLETON INDIA LOW DURATION FUND - QUARTERLY	Trading	-	102.71
-	262,672	UTI QTRLY INTERVAL PLAN - SERIES VII- REG	Trading	-	26.27
		<b>Total</b>		<b>587.72</b>	<b>2,920.18</b>
		<b>Equity - Others (Fully Paid) Quoted</b>			
475	1,825	LARSEN & TOUBRO LTD ( Rs. 2 EACH)	Trading	<b>7.31</b>	34.50
2,000	1,500	TATA POWER COMPANY LIMITED (Re. 1 EACH)	Trading	<b>2.47</b>	20.28
750	350	BHARAT HEAVY ELECTRICALS LIMITED (Rs. 2 EACH)	Trading	<b>2.72</b>	8.14
300	1,500	SINTEX INDUSTRIES (Re. 1 EACH)	Trading	<b>0.35</b>	2.86
300	-	ABB LIMITED ( Rs. 2 EACH)	Trading	<b>3.49</b>	-
2,100	-	ADANI PORT (Rs. 2 EACH)	Trading	<b>3.88</b>	-
290	-	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	<b>1.97</b>	-
1,750	-	BHARAT HEAVY ELECTRICALS LIMITED (Rs..2 EACH)	Trading	<b>8.14</b>	-
4,600	-	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	<b>2.86</b>	-
1,000	-	IDFC ( Rs. 10 EACH)	Trading	<b>2.11</b>	-
1,000	-	INDIAN HOTELS ( Re. 1 EACH)	Trading	<b>1.26</b>	-
1,825	-	LARSEN & TOUBRO LTD -( Rs. 2 EACH)	Trading	<b>34.50</b>	-
5,000	-	RELIANCE COMMUNICATIONS LIMITED (Rs. 5 EACH)	Trading	<b>20.34</b>	-
2,350	-	RELIANCE INDUSTRIES LTD ( Rs. 10 EACH)	Trading	<b>26.44</b>	-
450	-	RELIANCE INFRASTRUCTURE LIMITED (Rs. 10 EACH)	Trading	<b>4.42</b>	-
4,375	-	RELIANCE POWER LTD ( Rs. 10 EACH)	Trading	<b>12.37</b>	-
1,500	-	SINTEX INDUSTRIES LIMITD (Re.1 EACH)	Trading	<b>2.86</b>	-
15,000	-	TATA POWER COMPANY LIMITED (Re.1 EACH)	Trading	<b>20.28</b>	-
-	3,700	3I INFOTECH LTD (Rs. 10 EACH)	Trading	-	2.98
-	5,800	IVRCL LTD (Rs. 2 EACH)	Trading	-	8.24
-	975	JAIPRAKASH ASSOCIATES LTD ( Rs. 2 EACH)	Trading	-	1.36
-	600	ADANI PORT (Rs. 2 EACH)	Trading	-	0.87
-	5,000	NHPC LTD (Rs. 10 EACH)	Trading	-	1.70
-	1,200	PUNJ LLOYD LIMITED ( Rs. 2 EACH)	Trading	-	1.87
-	450	RELIANCE INFRASTRUCTURE ( Rs. 10 EACH)	Trading	-	4.42
-	6,600	STEEL AUTHORITY OF INDIA LIMITED (Rs. 10 EACH)	Trading	-	12.49
-	5,000	NEYVELI LIGNITE CORPORATION LTD (Rs. 10 EACH)	Trading	-	7.58
-	1,000	TATA GLOBAL BEVERAGES LIMITED (Re. 1 EACH)	Trading	-	1.28
-	5,000	LAKSHMI VILAS BANK LIMITED (Rs. 10 EACH)	Trading	-	6.23
-	4,600	HINDUSTAN CONSTRUCTION COMPANY LIMITED (Re. 1 EACH)	Trading	-	2.86
-	290	BGR ENERGY SYSTEMS LIMITED (Rs. 10 EACH)	Trading	-	1.97
		<b>Total</b>		<b>157.78</b>	<b>119.64</b>
		<b>Total Current Investments at cost</b>		<b>745.50</b>	<b>3,214.01</b>
		<b>Less : Provision for Dimunltion In value of Investment</b>		<b>118.45</b>	<b>42.74</b>
		<b>Net Current Investments</b>		<b>627.05</b>	<b>3,171.27</b>
		<b>Aggregate of :</b>			
		<b>Quoted current Investments at cost</b>		<b>745.50</b>	<b>3,214.01</b>
		<b>Market Value of Quoted Investments (Current)</b>		<b>627.05</b>	<b>2,927.40</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>12</b>	<b>Non-Current Investments</b>		
	Non-Trading Investments	1,309.64	1,309.64
	Less : Provision for Dimunution	1,280.60	1,280.60
	<b>[Refer Note no 15 (a)]</b>		
	<b>Total</b>	<b>29.04</b>	<b>29.04</b>
	Investments in Equity instruments	28.98	28.98
	Investments Others	0.06	0.06
<b>13</b>	<b>Long Term Loans And Advances</b>		
	Capital Advances		
	Unsecured, considered good	173.43	-
	Security deposits		
	Related Parties (Unsecured,considered good)	13.87	13.87
	Others (Unsecured,conserded good)	78.77	47.19
	Loans and advances to related parties		
	Doubtful {includes subsidiary of Rs.55.51 lacs (P.Y. Rs.55.51 lacs)}	76.66	76.66
	Others (Unsecured, considered good)	-	-
		342.72	137.72
	Less: Provision for doubtful loans and advances	76.66	76.66
	<b>Total (a)</b>	<b>266.06</b>	<b>61.06</b>
	Other loans and advances - Income Tax (net)		
	[Income tax Paid Rs.1626.57 lacs provision for tax		
	Rs.1096.18 lacs (P.Y. Rs.1122.60 lacs and Rs.721.98 lacs)		
	respectively.]		
	<b>Total (b)</b>	<b>530.39</b>	<b>400.62</b>
	<b>Total (a+b)</b>	<b>796.45</b>	<b>461.68</b>
<b>14</b>	<b>Other Non-Current Assets</b>		
	Advance to Suppliers	56.88	36.47
	Others	25.62	15.32
	<b>Total</b>	<b>82.50</b>	<b>51.79</b>
<b>15</b>	<b>CURRENT ASSETS</b>		
	<b>Current Investments</b>		
	Investments in Equity instruments	157.78	293.83
	Investments in Mutual funds	587.72	2,920.18
	Less: Provision for Dimunution	118.45	42.74
	<b>[Refer Note no 15 (b)]</b>		
	Refer note 1 (e) for method of valuation		
	<b>Total</b>	<b>627.05</b>	<b>3,171.27</b>
<b>16</b>	<b>Inventories</b>		
	Raw materials and packing materials	209.64	86.54
	Work in progress	354.39	262.57
	Finished goods	8,000.19	4,595.99
	Stores and spares	510.18	525.30
	<b>Total</b>	<b>9,074.40</b>	<b>5,470.40</b>
	Refer note 1 (f) for method of valuation		
<b>17</b>	<b>Trade Receivables</b>		
	(Unsecured,Considered good)		
	Trade receivables (More than six months)	581.76	327.10
	Trade receivables (less than six months)	1,434.44	1,102.39
	<b>Total</b>	<b>2,016.20</b>	<b>1,429.49</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>18</b>	<b>Cash and Cash Equivalents</b>		
	Cash on Hand	1.57	1.71
	Balances with Bank - In current accounts	218.43	339.13
	Fixed Deposit with Banks	1,094.94	3,230.01
	<b>Total (a)</b>	<b>1,314.94</b>	<b>3,570.85</b>
	<b>Other Bank Balances</b>		
	Balances with Bank-Under Lien	273.87	38.22
	Balances held as margin money or security against borrowings, guarantees and other commitments	142.28	286.35
	Unclaimed Debenture redemption and fractional warrant accounts.	-	4.11
	<b>Total (b)</b>	<b>416.15</b>	<b>328.68</b>
	<b>Total (a+b)</b>	<b>1,731.09</b>	<b>3,899.53</b>
<b>19</b>	<b>Short Term Loans And Advances</b>		
	Loans and advances-Subsidiary (unsecured considered good)	5.28	-
	Balances with government authorities (Unsecured, Considered good)		
	CENVAT credit receivable	208.00	64.50
	Service Tax credit receivable	48.68	9.52
	Others	2.42	1.91
	Prepaid Expenses	112.05	85.01
	Other loans and advances (Unsecured,considered good)	114.51	182.24
	<b>Total</b>	<b>490.94</b>	<b>343.18</b>
<b>20</b>	<b>Other Current Assets</b>		
	Drawback entitlement	16.78	-
	Other Receivables	65.23	63.92
	Advance to Suppliers	124.06	291.95
	<b>Total</b>	<b>206.06</b>	<b>355.87</b>
<b>21</b>	<b>Revenue from Operations</b>		
	Sale of products		
	Sugar	23,356.96	15,976.63
	Bagasse	-	10.74
	Industrial Alcohol	6,121.49	5,121.20
	Electric Power	3,012.93	6,352.78
	Others	201.77	214.49
	Other Operating revenues	268.00	81.10
	<b>Total</b>	<b>32,961.15</b>	<b>27,756.94</b>
<b>22</b>	<b>Other Income</b>		
	Interest Income		
	- From Bank Deposits	241.03	202.53
	- Others	3.24	1.54
	Dividend Income from Current Investments		
	- Others	34.76	70.22
	Dividend Income from Associate	60.10	-
	Net gain on sale of current investments	-	208.17
	Other Non-Operating Income		
	- Other Miscellaneous income	129.63	91.14
	- Exchange gain (Forex)	1.80	-
	- Liability no longer required written back	9.10	356.20
	<b>Total</b>	<b>479.66</b>	<b>929.80</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	<b>EXPENSES</b>		
23	<b>Cost of Materials Consumed</b>		
	Raw Material		
	Sugarcane	23,931.93	14,616.11
	Coal	715.51	3,675.95
	Others	1,293.22	1,477.07
	Chemical and Others	551.25	442.27
	Packing	647.68	420.94
	<b>Total</b>	<b>27,139.59</b>	<b>20,632.34</b>
24	<b>Changes in Inventories of Finished Goods, Work-in-progress</b>		
	<b>Opening Stock</b>		
	Finished Goods		
	Sugar	3897.14	2,774.36
	Molasses	393.24	1,307.22
	Industrial Alcohol	305.62	186.03
	Work in progress		
	Sugar	232.45	139.21
	Molasses	30.13	21.66
	<b>Total</b>	<b>4858.58</b>	<b>4,428.48</b>
	<b>Closing Stock</b>		
	Finished Goods		
	Sugar	7,520.51	3,897.14
	Molasses	439.34	393.24
	Industrial Alcohol	40.35	305.62
	Work in progress		
	Sugar	341.05	232.45
	Molasses	13.34	30.13
	<b>Total</b>	<b>8,354.59</b>	<b>4,858.58</b>
	(Increase) / Decrease over the previous year	(3,496.01)	(430.10)
	Excise duty adjustment for movement in Finished goods inventory	152.98	(86.58)
	<b>Total</b>	<b>(3,343.03)</b>	<b>(516.68)</b>
25	<b>Employee Benefits Expense</b>		
	Salaries and Wages	1,250.56	1,066.39
	Contribution to Provident and Other Funds	151.06	121.32
	Staff Welfare Expenses	54.31	38.76
	<b>Total</b>	<b>1,455.93</b>	<b>1,226.47</b>
26	<b>Finance Cost</b>		
	Interest Expense	467.03	648.39
	Other Borrowing Costs	43.26	22.72
	<b>Total</b>	<b>510.29</b>	<b>671.11</b>
27	<b>Depreciation and amortization expense</b>	1,315.07	1,379.27

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹ in lakhs

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>28</b>	<b>Other Expenses</b>		
	Consumption of stores and spare parts	805.27	483.03
	Power and Fuel	477.13	306.17
	Rent	47.49	47.22
	Repairs-Buildings	73.77	62.63
	Repairs to Machinery	326.56	265.10
	Repairs to Others	74.55	67.56
	Organic Manure	66.03	45.37
	Insurance	65.92	71.63
	Rates and Taxes	146.96	188.57
	Excise duty expunged	304.02	453.83
	Freight & Clearing Expenses	329.96	194.05
	DRAT settlement	-	556.88
	Directors Sitting fees	1.92	1.60
	Auditor's Remuneration		
	- Statutory Audit	2.75	2.75
	- Certification	1.20	1.20
	Travelling Expenses	80.69	87.37
	Research and Development	5.62	0.40
	Conveyance	11.78	11.84
	Professional Fees	84.07	67.18
	Commission	153.96	81.51
	Loss on Sale of Assets	2.41	7.11
	Rebates & Discounts	12.24	128.73
	Administration Expenses	359.97	326.79
	Bad Debts	28.71	-
	Diminution in value of current Investments	75.70	4.94
	Net Loss on Sale of current Investments	163.42	-
	Miscellaneous Expenses	24.62	14.28
	<b>Total</b>	<b>3,726.73</b>	<b>3,477.74</b>

**29. Employee Benefits:**

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

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

The following table sets forth the status of the un-availed earned leave and Gratuity plan of the Company and the amounts recognized in the Balance sheet and Statement of Profit and loss.

## (a) Earned Leave

(₹. in Lakhs)

Particulars	2011-12	2010-11
<b>Net Liability Recognised</b>		
Present Value of Obligation	10.54	7.09
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized	(10.54)	(7.09)
<b>Principal Actuarial Assumptions</b>		
Interest rate (Liabilities)	8.00%	8.00%
Return on assets	Does not arise	Does Not arise
Mortality table	LIC(94-96)	LIC(94-96)
Resignation rate per annum	1%	5%
Salary escalation rate	6%	10%

## (b) Gratuity

(₹ in Lakhs )

Particulars	2011-12	2010-11
<b>Projected benefit obligation at the beginning of the period</b>	239.74	211.05
Current service cost	26.06	14.54
Interest cost	20.03	17.43
Actuarial loss / (gain)	22.88	(0.95)
Benefits paid	(35.66)	(2.33)
<b>Projected benefit obligation at the end of the period</b>	273.05	239.74
<b>Amounts recognised in the balance sheet</b>		
Projected benefit obligation at the end of the period	273.05	239.74
Fair value of plan assets at end of the period	220.14	192.52
<b>Liability recognized in the balance sheet</b>	52.91	47.22
<b>Cost for the period</b>		
Current service cost	26.06	14.28
Interest cost	20.03	17.43
Expected return on plan assets	(12.19)	(14.21)
Net actuarial (gain)/loss recognized in the period	28.64	(9.41)
Total	62.54	8.09
Less: Share of contribution from Associate Company	(3.73)	(6.66)
<b>Net Cost recognized in Statement of Profit &amp; Loss</b>	58.81	1.43

## 30. Contingent Liabilities: -

- Excise duty demands under appeal Rs.545.12 Lakhs (P.Y. Rs.613.59 Lakhs).
- Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.Nil (P.Y. Rs.2.02 Lakhs)
- Urban Land Tax under appeal Rs.37.23 Lakhs (P.Y. Rs.36.18 Lakhs.) .
- Customs Duty under appeal Rs.73.39 Lakhs (P.Y. Rs.73.39 Lakhs. )
- Electricity Generation Tax Rs.225.59 Lakhs
- Bank Guarantees Rs.1,610.05 lakhs (P.Y. Rs.2,437.24 lakhs)



**31. Notes Relating to Segment**

i) Business Segments

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

**Sugar, Power generation and Distillery.**

Sugar segment comprise Sugar and Molasses, Power segment comprise generation of power from Bagasse and Coal and Distillery segment comprises of rectified spirit and denatured spirit.

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

ii) Geographical Segments

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

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

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

**Refer Separate workings on Segment results - Annexure - I at Page No. 42**

**32. Related Party Disclosures**

**Refer Separate workings on Related party transactions - Annexure - II at Page No. 43**

**33. Earnings per Share:**

Particulars	2011-12	2010-11
Net Profit after Tax excluding Exceptional Item (Rs.in lakhs)	841.31	757.07
No. of Equity Shares of Rs. 10/- each	8,28,88,580	8,28,88,580
Earning per Share ( Basic & Diluted) (Rs.)	1.02	0.91

**34. Foreign Exchange earnings and outgo**

Rs. in Lakhs

S.No.	Particulars	2011 - 2012	2010 - 2011
(i)	Total Foreign Exchange earned	2561.79	44.93
(ii)	Total Foreign Exchange outflow	25.36	50.30

35. Consequent to the notification under the Companies Act,1956, the financial statements for the year ended 31st March 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

For and on behalf of the Board

As per our Report of Even Date

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

**B H Kothari**  
Chairman & Managing Director

**P S Gopalakrishnan**  
Director

Place: Chennai  
Date : August 03, 2012

**R Prakash**  
Company Secretary

**R Rajaram**  
Partner

**Annexure - I - Segment Information (Note - 31)**

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

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

Particulars	Sugar		Power		Distillery		Total	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Segment Revenues	26,729.88	18,308.34	4,962.55	7,716.24	6,274.64	5,235.24	37,967.07	31,259.82
Segment Results	310.29	406.62	(264.98)	413.07	2,607.89	1,188.08	2,653.19	2,007.77
Segment Assets	17,432.44	12,392.21	7,845.26	7,690.53	5,910.83	6,185.71	31,188.53	26,268.46
Segment Liabilities	17,704.58	11,985.59	8,110.25	7,277.46	2,720.51	4,997.63	28,535.34	24,260.68
Capital Expenditure	21.39	32.30	38.44	1.24	977.20	168.91	1,037.03	202.45
Depreciation	374.78	447.25	675.89	675.10	222.28	226.98	1,272.95	1,349.33

₹ in lakhs

Particulars	Reconciliation of reportable segments with the financial statements:											
	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Total Reportable Segment	37,967.07	31,259.82	2,653.19	2,007.77	31,188.53	26,268.46	28,535.34	24,260.68	1,037.03	202.45	1,272.95	1,349.33
Corporate-Unallocated	-	562.97	(1,988.55)	(1,799.34)	5,303.92	9,604.05	7,115.79	10,854.75	136.20	87.94	42.13	29.94
Inter Segment	(5,762.62)	(4,074.51)	-	-	-	-	-	-	-	-	-	-
Other non operating revenues	479.66	366.83	-	-	-	-	-	-	-	-	-	-
Interest	-	-	(2.65)	(9.39)	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	179.32	558.02	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32,684.11</b>	<b>28,115.12</b>	<b>841.31</b>	<b>757.07</b>	<b>36,492.45</b>	<b>35,872.51</b>	<b>36,651.13</b>	<b>35,115.43</b>	<b>1,173.23</b>	<b>290.39</b>	<b>1,315.06</b>	<b>1,379.27</b>

₹ in lakhs

**b) Secondary Segment Information**

Particulars	2011-12		2010-11	
	India	Rest of the World	India	Rest of the World
1. Revenue by Geographical Market	35,405.28	2,561.79	31,259.82	-
2. Carrying amount of segment Assets	31,188.53	-	26,268.46	-
3. Additions to Fixed / Intangible Assets	1,173.22	-	290.39	-

₹ in lakhs

**Annexure - II - Related Party Disclosures (Note - 32)**

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

- (i) Parties with Significant influence (Direct and Indirect)
- |   |                         |
|---|-------------------------|
| Parvathi Trading & Finance Co. Pvt. Limited | Holding Company         |
| Kothari Petrochemicals Limited              | Associate Company       |
| Century Foods Pvt. Limited                  | Associate Company       |
| Kothari Safe Deposits Limited               | Associate Company       |
| Kothari Bio-Tech Limited                    | Associate Company       |
| Kothari International Trading Limited       | Wholly owned Subsidiary |
- (ii) Key Management Personnel
- |                 |                              |
|-----------------|------------------------------|
| Mr. B.H.Kothari | Chairman & Managing Director |
|-----------------|------------------------------|

Nature of Transactions	Parties with Significant influence (Direct and Indirect)												Key Management Personnel			
	Parvathi Trading & Finance Co.Pvt. Limited		Kothari Petro Chemicals Limited		Century Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Bio-Tech Limited		Kothari International Trading Limited					
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11				
Rent	-	-	-	-	28.19	28.19	18.40	18.40	-	-	-	-	-	-	-	
Interest	-	-	-	-	2.54	2.15	-	-	-	-	-	-	-	-	-	
Common Expenses	-	-	47.29	60.98	-	-	4.23	3.22	-	-	5.28	-	-	-	-	
Commission Paid	-	-	-	-	-	-	-	-	-	-	137.88	-	-	-	-	
Purchase of Scrap	-	-	-	-	-	-	-	-	-	-	-	2.42	-	-	-	
Rates & Taxes	-	-	-	-	-	-	2.15	2.33	-	-	-	0.69	-	-	-	
Purchase of water	-	-	-	-	-	-	-	-	0.54	0.69	-	-	-	53.76	53.76	
Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	45.39	12.21	
Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loan Repayment	284.45	284.45	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Outstanding Balances</b>																
Loans and Advances	-	-	-	-	-	-	-	-	-	21.15	21.15	-	-	55.51	-	
Term Loans	(1,085.15)	(1,202.46)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Zero Coupon Bonds	(1,909.49)	(2,076.62)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental Deposit	-	-	-	-	-	-	13.87	13.87	-	-	-	-	-	-	-	
Investment in Share Capital	4,998.66	4,606.69	-	1,201.90	-	-	-	-	-	-	99.99	99.99	99.99	-	-	
Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

₹ in Lacs

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

HOLDING COMPANY:-	KOTHARI SUGARS AND CHEMICALS LIMITED
SUBSIDIARY COMPANY :-	KOTHARI INTERNATIONAL TRADING LMITIED (KITL)
Name of the Subsidiary Company	KITL
1. Financial Year of the subsidiary ended on	31.03.2012
2. Year from which they become Subsidiary Company	1996
3. Share of the Subsidiary (KITL) held by the holding company KSCL at the end of the Financial Year of Subsidiary Company :	
(a) No. of shares	9,99,950
(b) Face Value of shares	Rs.10
(c) Extent of Interest of holding company	99.99%
(d) Quoted	Unquoted
4. The net aggregate amount of profit and loss for the subsidiary so far as its concerns members of the holding company.	
a. Not dealt with holding Company's accounts	
(i) For the financial year ended 31.03.2012 (Rs.in lacs)	118.05
(ii) For the previous financial year of the Subsidiary Company since they became the holding Company's subsidiary. (Rs.in lacs)	(204.17)
b. Dealt within the holding Company's accounts	
(i) For the financial year ended 31.03.2012	Nil
(ii) For the previous financial year of the Subsidiary Company since they became the holding Company's subsidiary.	Nil
5. a. Holding Company's interest in Subsidiary as at end of the Financial year of Holding Company.	Not Applicable
b. Material change in respect of Subsidiaries (Rs.in lacs)	
i. Fixed Assets	No Change
ii. Investments	No Change
iii. Moneys lent	(53.52)
iv. Moneys Borrowed	(43.72)

For and on behalf of the Board

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

**BH Kothari**  
Chairman & Managing Director

**P S Gopalakrishnan**  
Director

Place: Chennai  
Date : August 03, 2012

**R Prakash**  
Company Secretary

**R Rajaram**  
Partner

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF KOTHARI SUGARS AND CHEMICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KOTHARI SUGARS AND CHEMICALS LIMITED AND ITS SUBSIDIARIES AND ASSOCIATE

We have examined the attached Consolidated Balance Sheet of Kothari Sugars and Chemicals Limited (Company) and its subsidiary Kothari International Trading Limited and its associate Kothari Petrochemicals Limited as at March 31, 2012, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs.319.23 Lakhs as at March 31, 2012 and total revenues of Rs.200.08 Lakhs for the year then ended. The consolidated financial statements have been prepared based on the audited financial statements of the subsidiary, Kothari International Trading Limited as on 31.03.2012 and the audited financial statements of the associate Kothari Petrochemicals Limited as on 31.03.2012. The financial statements of the subsidiary have been audited by other auditor whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KOTHARI SUGARS AND CHEMICALS LIMITED and its subsidiary and its associate included in the consolidated financial statements.

Further to our comments referred to above, we report that:

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of KOTHARI SUGARS AND CHEMICALS LIMITED and its aforesaid subsidiary and its associate, we are of the opinion that:

- (a) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of KOTHARI SUGARS AND CHEMICALS LIMITED, its subsidiary and associate as at March 31, 2012.
- (b) The consolidated Statement of Profit and Loss gives a true and fair view of the consolidated results of operations KOTHARI SUGARS AND CHEMICALS LIMITED, its subsidiary and its associate for the year then ended and
- (c) The consolidated Cash Flow Statement gives the Cash Flows for the consolidated operations for year ended on that date.

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

Place: Chennai  
Date : August 03, 2012

**R.Rajaram**  
Partner  
M.No.25210

Consolidated Balance Sheet as at 31st March, 2012

₹. in Lacs

	Particulars	Note No.	As at 31- Mar-12		As at 31- Mar-11	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>					
1)	<b>Shareholders' funds</b>					
	a) Share Capital	2	<b>9,213.86</b>		9,313.86	
	b) Reserves and surplus	3	<b>4,613.25</b>		3,702.89	
				<b>13,827.11</b>		13,016.75
2)	<b>Non-Current liabilities</b>					
	a) Long-term borrowings	4	<b>10,137.85</b>		11,607.17	
	b) Deferred tax liabilities (Net)	5	<b>1,383.89</b>		719.88	
	c) Other Long term liabilities	6	<b>2,218.66</b>		2,179.93	
				<b>13,740.40</b>		14,506.98
3)	<b>Current liabilities</b>					
	a) Short-term borrowings	7	<b>1,949.97</b>		2,023.37	
	b) Trade payables	8	<b>4,318.48</b>		2,556.27	
	c) Other current liabilities	9	<b>3,401.32</b>		4,386.42	
	d) Short-term provisions	10	<b>50.41</b>		42.20	
				<b>9,720.18</b>		9,008.26
	<b>TOTAL</b>			<b>37,287.69</b>		36,531.99
<b>II</b>	<b>ASSETS</b>					
1)	<b>Non-current assets</b>					
	a) Fixed assets					
	i) Tangible assets	11	<b>18,236.69</b>		18,383.06	
	ii) Intangible assets	11	<b>16.68</b>		21.09	
	iii) Capital work-in-progress		<b>2,510.20</b>		1,514.61	
	b) Non-current investments	12	<b>1,209.21</b>		1,209.21	
	c) Long-term loans and advances	13	<b>935.27</b>		675.56	
	d) Other non-current assets	14	<b>82.50</b>		51.78	
				<b>22,990.55</b>		21,855.31
2)	<b>Current assets</b>					
	a) Current investments	15	<b>627.05</b>		3,171.27	
	b) Inventories	16	<b>9,074.40</b>		5,470.40	
	c) Trade receivables	17	<b>2,016.20</b>		1,429.49	
	d) Cash and Bank balances	18	<b>1,859.43</b>		3,901.67	
	e) Short-term loans and advances	19	<b>485.66</b>		343.18	
	f) Other current assets	20	<b>234.40</b>		360.67	
				<b>14,297.14</b>		14,676.68
	<b>TOTAL</b>			<b>37,287.69</b>		36,531.99
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1-38				

For and on behalf of the Board

As per our Report of even date

for **R.Subramanian and Company**  
Chartered Accountants**B H Kothari**  
Chairman & Managing Director**P S Gopalakrishnan**  
DirectorPlace: Chennai  
Date : August 03, 2012**R Prakash**  
Company Secretary**R Rajaram**  
Partner

**Consolidated Statement of Profit & Loss for the year ended 31st March 2012**

₹. in Lacs

	Particulars	Note No.	Year Ended 31 <sup>st</sup> March 2012	Year Ended 31 <sup>st</sup> March 2011
I	Revenue from Operations (Gross)	21	33,111.15	27,767.45
	Less: Excise Duty		756.70	571.62
	<b>Revenue from operations (net)</b>		<b>32,354.45</b>	<b>27,195.83</b>
II	Other Income	22	480.74	1,003.40
III	<b>Total Revenue (I+II)</b>		<b>32,835.19</b>	<b>28,199.22</b>
IV	<b>Expenses:</b>			
	(a) Cost of materials consumed	23	27,139.59	20,632.34
	(b) Purchase of stock in trade		-	10.03
	(c) Changes in inventories of finished goods, Work-in-progress and Stock-in-Trade	24	(3,343.03)	(516.68)
	(d) Employee benefits expense	25	1,458.18	1,226.47
	(e) Finance costs	26	510.29	948.71
	(f) Depreciation and amortization expenses	27	1,315.08	1,379.28
	(g) Other expenses	28	3,784.96	2,921.49
	<b>Total Expenses</b>		<b>30,865.08</b>	<b>26,601.63</b>
V	Profit before exceptional and extraordinary items and tax (III-IV)		1,970.11	1,597.60
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		1,970.11	1,597.60
	Add: Share of Profit before exceptional income in Associate		17.84	10.76
VIII	<b>Less : Tax expense</b>			
	(a) Current tax expense for current year		395.75	235.10
	(b) Deferred tax		664.01	252.70
			<b>1,059.76</b>	<b>487.80</b>
IX	Profit for the year (VII-VIII)		<b>928.19</b>	<b>1,120.56</b>
X	Earnings per equity share:			
	1) Basic		1.12	1.35
	2) Diluted		1.12	1.35
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>1-38</b>		

For and on behalf of the Board

As per our Report of even date

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

**B H Kothari**  
 Chairman & Managing Director

**P S Gopalakrishnan**  
 Director

 Place: Chennai  
 Date : August 03, 2012

**R Prakash**  
 Company Secretary

**R Rajaram**  
 Partner

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(₹. in Lakhs)

Particulars		31-Mar-12	31-Mar-11
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit / ( Loss) before tax	1,987.95	1,608.36
	<b>Adjustments for :</b>		
	Depreciation	1,315.08	1,379.28
	Interest Income	(244.27)	(204.07)
	Dividend Income from Associate	(60.17)	-
	Bad Debts	82.23	-
	Liability no longer required written back	(9.10)	(429.80)
	Provision for Compensated absences	20.08	23.09
	Finance Cost - Interest	467.03	925.98
	Unrealised Exchange Variation (Net)	(9.22)	-
	Provision for Diminution in value of Investments	75.70	4.94
	Loss on Sale of assets (Vehicles)	2.41	7.11
	Loss / (Gain) on sale of Investments	163.42	(208.17)
	Income from Mutual Fund Investment	(34.76)	(70.22)
	Adjustments for reserves	(17.84)	(10.76)
		1,750.60	1,417.40
	<b>Operating Profit before Working Capital changes</b>	<b>3,738.55</b>	<b>3,025.76</b>
	(Increase) / Decrease in Trade Receivables	(659.72)	494.33
	(Increase) / Decrease in Other Receivables	77.07	(399.34)
	(Increase) / Decrease in Inventories	(3,604.00)	(338.84)
	Increase / (Decrease) in Trade Payables and Other Payables	422.70	(285.32)
		(3,763.95)	(529.17)
	<b>Cash Generation from Operations</b>	<b>(25.41)</b>	<b>2,496.59</b>
	Less: Income Tax Paid	476.54	142.54
	<b>Net Cash Generation from Operating Activities - (A)</b>	<b>(501.95)</b>	<b>2,354.05</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Expenditure	(2,168.84)	(558.83)
	Proceeds from sale of Investments (net)	2,464.64	617.78
	Interest Received	244.27	204.07
	Dividend Income from Associate	60.17	-
	Consideration for Sale of Fixed assets	10.40	16.59
	(Loss) / Gain on sale of Investments	(163.42)	208.17
	Income from Mutual Fund Investment	34.76	70.22
	<b>Net Cash from investing activities - (B)</b>	<b>481.98</b>	<b>557.99</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Redemption of Preference Share Capital	(100.00)	(100.00)
	Proceeds from Term loans and Other borrowings	389.59	1,720.24
	Repayment of Borrowings	(1,932.31)	(2,297.33)
	Interest paid	(467.03)	(925.98)
	<b>Net Cash used in Financing activities - C</b>	<b>(2,109.75)</b>	<b>(1,603.08)</b>
	<b>Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C</b>	<b>(2,129.72)</b>	<b>1,308.95</b>
	Cash and Cash equivalents at the beginning of the year	3,573.00	2,264.04
	Cash and Cash equivalents at the close of the year	1,443.28	3,573.00
		2,129.72	(1,308.95)

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

For and on behalf of the Board

for **R.Subramanian and Company**  
Chartered Accountants**B H Kothari**  
Chairman & Managing Director**P S Gopalakrishnan**  
DirectorPlace: Chennai  
Date : August 03, 2012**R Prakash**  
Company Secretary**R Rajaram**  
Partner



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1****SIGNIFICANT ACCOUNTING POLICIES****(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**(b) BASIS OF CONSOLIDATION**

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

**(c) FIXED ASSETS & DEPRECIATION**

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

**(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 rates. Resultant exchange difference is recognized as income or expense in that period.

**(e) INVESTMENTS**

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

**(f) INVENTORIES**

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

**(g) REVENUE RECOGNITION**

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

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

scheme, the company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make the settlement to the qualifying employees.

**Defined benefit plans**

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

**(l) RESEARCH AND DEVELOPMENT**

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

**(i) 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".

**(k) 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.

**(l) PROVISION OF CONTINGENT LIABILITIES**

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

**(m) EARNINGS PER SHARE**

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

**(n) 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
2	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	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
	<b>Total</b>	14,400.00	14,400.00
	<b>ISSUED SUBSCRIBED AND FULLY PAID-UP</b>		
	<b>Equity Share Capital</b>		
	8,28,88,580 (P.Y. 8,28,88,580) Equity Shares of Rs 10/- each {Of the above the holding company holds 4,99,86,610 shares (previous year 4,60,66,885)}	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.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	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	375.00	300.00
	<b>A</b>	825.00	900.00
	{Out of 12,00,000 shares, the holding Company (Parvathi Trading & Finance Company Pvt. Ltd) holds 2,50,000 shares} The redemption is as under: 50 % of the face value of preference shares in 28 equal quarterly instalments commencing from 17.09.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.		
	<b>Zero Percent Redeemable Preference Share Capital</b>		
	20,00,000 (P.Y.20,00,000) Preference Shares of Rs 10/- each	200.00	200.00
	Less: Amount paid towards redemption in quarterly instalments as per AAIFR Order dated 17.06.2004	100.00	75.00
	<b>B</b>	100.00	125.00
	These will be redeemed as under: 50 % of the face value of preference shares in 28 equal quarterly instalments commencing from 17.09.2007. The balance 50% of the face value of the preference in 8 equal quarterly instalments commencing from 17.09.2014.		
	<b>A+B</b>	925.00	1,025.00
	<b>Total</b>	9,213.86	9,313.86

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	<b>(a) Equity Shares</b>	<b>No. of Shares</b>	
	<b>Reconciliation of Number of Shares</b>		
	Shares outstanding as at the beginning	8,28,88,580	8,28,88,580
	Shares outstanding as at the end	8,28,88,580	8,28,88,580
	<b>List of shareholders holdign more than 5% of the total number of shares issued by the Company:</b>		
	Parvathi Trading & Finance Co.Pvt. Ltd. (Holding Company) (60%) (P.Y. 56%)	4,99,86,610	4,60,66,885
	<b>(b) Preference Shares</b>		
	<b>Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.100/-each</b>		
	Shares outstanding as at the beginning	12,00,000	12,00,000
	Shares outstanding as at the end	12,00,000	12,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	Industrial Development Bank of India (45.83%) (P.Y. 45.83%)	5,50,000	5,50,000
	Parvathi Trading & Finance Co. Pvt. Ltd (Holding Company) (20.83%) (P.Y. 20.83%)	2,50,000	2,50,000
	Federal Bank (16.67%) (P.Y. 16.67%)	2,00,000	2,00,000
	<b>Reconciliation of Number of Shares</b>		
	<b>Zero percent Preference shares of Rs.10/-each</b>		
	Shares outstanding as at the beginning	20,00,000	20,00,000
	Shares outstanding as at the end	20,00,000	20,00,000
	<b>List of Preference shareholders holding more than 5% of the total number of shares issued by the Company</b>		
	Industrial Development Bank of India (100%) (P.Y. 100%)	20,00,000	20,00,000
3	<b>Reserves and Surplus</b>	<b>(₹ in lakhs)</b>	
	Capital Redemption Reserves		
	Opening Balance	375.00	275.00
	Add:On redemption of Preference Shares	100.00	100.00
	<b>Total</b>	<b>475.00</b>	<b>375.00</b>
	Debenture Redemption Reserve		
	Opening Balance	525.00	450.00
	Add:Transferred from Surplus in Statement of Profit and Loss	75.00	75.00
	<b>Total</b>	<b>600.00</b>	<b>525.00</b>
	<b>Surplus in statement of Profit and Loss</b>		
	Opening Balance	2,285.28	1,339.72
	Add: Profit for the Year	928.19	1,120.56
	<b>Less:</b>		
	Transfer to Capital Redemption Reserve	100.00	100.00
	Transfer to Debenture Redemption Reserve	75.00	75.00
	<b>Closing Balance</b>	<b>3,038.47</b>	<b>2,285.28</b>
	Add:Excess provision on investments in associate	499.78	517.61
	<b>Grand Total</b>	<b>4,613.25</b>	<b>3,702.89</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In lakhs)

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
4	<b>Long-term borrowings</b>		
	<b>Debentures</b>		
	20,31,018 (P.Y. 20,31,018) Zero Coupon Bonds of Rs 100/- each redeemable at par in equal quarterly instalments from 4th (2007-2008) to 10 <sup>th</sup> year (2013-14)	<b>2,031.02</b>	2,031.02
	Less : Amount paid towards redemption in quarterly instalments as per AAIFR order dated 17.06.2004.	<b>1,668.35</b>	1,378.20
	Rs. 652.83 lacs (Rs.362.68 Lacs under long term borrowings and Rs. 290.15 lacs under current maturities of long term debt) (P.Y. Rs.942.97 lacs) are secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the company		
	Of the above, Rs.376.05 lacs (P.Y. Rs.543.18 lacs) is due to the Holding Company		
	Repayable in 28 equal quarterly instalments starting from September 2007. Last instalment due in June 2014. Number of instalments due is 9. Rate of Interest – Nil		
	<b>Total (a)</b>	<b>362.67</b>	652.82
	20,31,017 (P.Y. 20,31,017) Zero Coupon Bonds of Rs.100/- each redeemable at par at the end of the 25th year (2029-2030)	<b>2,031.02</b>	2,031.02
	Of the above, amount due to the Holding Company is Rs.1,533.43 Lacs		
	Secured by first charge on all movable and immovable properties situated in the state of Gujarat and Kattur unit in Tamil Nadu, except book debts of the company. Repayment in year 2029-30 in one single installment. Rate of Interest - Nil		
	<b>Total (b)</b>	<b>2,031.02</b>	2,031.02
	<b>Total (a+b)</b>	<b>2,393.69</b>	2,683.84
	Debentures/Zero coupon Bonds are secured by the first charge on all movable and immovable properties situated in the state of Gujarat and kattur unit in Tamil Nadu, except book debts of the company.		
<b>Term Loans from</b>			
Banks	-	524.14	
Sugar Development Fund	<b>5,992.90</b>	6,490.59	
Holding Company (Parvathi Trading & Finance Company Pvt. Limited)	<b>967.84</b>	1,085.15	
Others	<b>734.43</b>	823.45	
<b>Total (c)</b>	<b>7,695.17</b>	8,923.33	
Secured	<b>6,960.74</b>	8,099.88	
Unsecured	<b>734.43</b>	823.45	
<b>Total</b>	<b>7,695.17</b>	8,923.33	
Current maturities of Long Term Debt grouped under "Other Current Liabilities" (Refer Note 9)	<b>1,907.89</b>	3,245.55	

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Term Loan from Banks**

Term Loan from Indian Bank Nil (P.Y. Rs.1,333.62 lacs) and Rs.524.14 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, Tamil Nadu. Balance installment is 3. Rate of Interest 12% p.a. Amount of each instalment is Rs.202 lacs.

**Term Loan from Sugar Development Fund**

- i) Rs.2,566.20 Lacs (P.Y. Rs.2,566.20 Lacs) Secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu, except book debts of the Company. Annual repayment in 5 equal annual installments starting from December 2014 to September 2019. Rate of Interest 4% p.a. Amount of each installment Rs.513.24 lacs. Balance installments is 5.
- ii) Rs.1,720.24 Lacs (P.Y. Rs.1,720.24 lacs) Secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur Unit, Tamil Nadu, except book debts of the Company. Repayment in 5 equal annual installment starting from July 2019 to July 2023 Rate of Interest 4% p.a. Amount of each instalment Rs.344.05 lacs. Balance installments is 5.
- iii) Rs.840 lacs (P.Y. Rs.1176 lacs) of which Rs.504 Lacs under long term borrowings and Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situated at Kattur, Tamil Nadu, except book debts of the Company. Repayment in 10 half yearly installments starting from March 2010 to September 2014. Balance Installments is 5. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.
- iv) Rs.1,008 lacs (P.Y. Rs.1,344 lacs) of which Rs.672 Lacs under long term borrowings and Rs.336 lacs under current maturity secured by exclusive second charge on all Movable and Immovable Properties situate at Kattur, Tamil Nadu, except book debts of the Company. Repayment in 10 half yearly equal installments starting from September 2010 to March 2015. Balance installments is 6. Rate of Interest 4% p.a. Amount of each installment Rs.168 lacs.
- v) Rs.73.20 lacs under current maturities of long term debt (P.Y. Rs.146.40 Lacs) Secured by bank Guarantee. Repayment in 8 equal half yearly installments from May 2009 to November 2012. Balance installments is 2. Rate of Interest-4% p.a. Amount of each installment Rs.36.60 lacs.
- vi) Rs 99.34 lacs (P.Y. Rs.132.45 lacs) of which Rs.66.34 Lacs under long term borrowings and Rs.33 lacs under current maturity secured by bank Guarantee. Repayment in 4 equal annual installments from August 2011 to August 2014. Balance installments is 3. Rate of Interest-4% p.a. Amount of each installment Rs.33.11 lacs.
- vii) Rs.116.80 (P.Y. Nil) Secured by bank Guarantee Repayment in 4 Annual Equal Installments starting from April 2014 to April 2017. Balance installments is 4. Rate of Interest - 4% p.a. Amount of each installment Rs.29.20 lacs.
- viii) Rs.103.61 lacs (P.Y. Rs.172.69 lacs) of which Rs.34.54 Lacs under long term borrowings and Rs.69.07 lacs under current maturity secured by bank Guarantee. Repayment in 8 half yearly installments starting from January 2010 to July 2013. Balance installments is 3. Rate of Interest - 4% p.a. Amount of each installment Rs.34.54 lacs
- ix) Rs 80 lacs (P.Y. Rs.120 lacs) of which Rs.40 Lacs under long term borrowings and Rs.40 lacs under current maturity. Repayment in 4 equal annual Installments starting from October 2010 to October 2013. Balance installments is 2. Rate of Interest - 4% p.a. Amount of each installment Rs.40 lacs.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

- x) Rs.272.79 lacs (P.Y. year Rs.Nil) Repayment 4 equal Annual Installments starting from February 2015 to February 2018. Balance installments due is 4. Rate of Interest - 4% p.a. Amount of each installment Rs.68.20 lacs.

**Term Loan From Holding Company**

- i) Rs.821.20 lacs (P.Y. Rs.821.20 lacs). Secured by Hypothecation of Movable properties and Inventories situated at Kattur unit, Tamil Nadu. Payable in June 2029. Rate of Interest - Nil.
- ii) Rs.263.96 lacs (P.Y. Rs.381.26 lacs) of which Rs.146.64 Lacs under long term borrowings and Rs.117.32 lacs under current maturity secured by hypothecation of movable properties and Inventories situated at Kattur unit, Tamil Nadu Payable in 28 equal quarterly installments Balance Installments due is 9. Rate of Interest - Nil Amount of each installment Rs.29.33 lacs.

**Term Loan From Others (Unsecured)**

- i) Rs. 623.15 lacs (P.Y. Rs.623.15 lacs) payable in June 2029. Rate of Interest – Nil.
- ii) Rs.200.30 lacs (P.Y. Rs.289.31 lacs) of which Rs.111.28 Lacs under long term borrowings and Rs.89.02 lacs under current maturity. Repayment in 4 equal quarterly installments. Balances installments due is 9. Rate of Interest - Nil. Amount of each installment Rs.22.26 lacs.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	<b>Other Loans (Secured)</b>		
	Vehicle Loan	48.99	-
	<b>Total (d)</b>	48.99	-
	Vehicle loan of Rs.81.72 lacs (P.Y.-Nil) of which Rs.32.73 lacs is shown under Current liabilities "Current maturity of vehicle loan". Last repayment due in March 2015. Amount of each instalment Rs.2.73 lacs. Balances installments 35. Rate of Interest 10.42% p.a.		
	<b>Total (a+b+c+d)</b>	10,137.85	11,607.17
5	<b>Deferred Tax Liability / (Asset)</b>		
	Deferred Tax Liability		
	Timing Difference on Depreciation of Fixed Assets	2879.37	2817.69
	Deferred Tax Asset		
	Sec.43B Disallowances under IT Act 1961	(273.78)	(357.92)
	Provision for Diminution in value of current investments	(38.43)	-
	Carry Forward Depreciation loss	(1,183.27)	(1,739.89)
	<b>Total</b>	1,383.89	719.88
6	<b>Other Long-term Liabilities</b>		
	Trade payables	520.61	456.63
	Interest accrued but not due on Loans	589.34	417.42
	Deferred Sales Tax payable as per AAIFR	607.04	811.08
	Other payables and Deposits	501.66	494.80
	<b>Total</b>	2,218.66	2,179.93
	<b>Current Liabilities</b>		
7	<b>Short-Term Borrowings</b>		
	Loans repayable on demand		
	From banks*	1,949.97	2,023.37
	<b>Total</b>	1,949.97	2,023.37
	Secured	1,949.97	2,023.37
	*Cash Credit from Indian Bank for Rs.1,949.97 Lacs (P.Y. Rs.2,023.37 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		
8	<b>Trade Payables</b>	4,318.48	2,556.27
	<b>Total</b>	4,318.48	2,556.27
	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	<b>Other Current Liabilities</b>		
	Current maturity of long term debt	1,907.89	3,245.55
	Current maturity of Deferred Sales Tax payable as per AAIFR	204.05	204.05
	Current maturity of Interest accrued but not due on borrowings	16.20	14.26
	Current maturity of vehicle loan	32.73	-
	Investor Education and Protection Fund (Fractional Shares & Debenture Redemption)	-	4.12
	Statutory Remittances	257.28	210.24
	Gratuity	58.81	40.56
	Advances from Customers	161.14	122.19
	Others	763.21	545.46
	<b>Total</b>	3,401.32	4,386.42



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

Note no.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
10	<b>Short-term Provisions</b> Provision for employee benefits Compensated absences Superannuation Bonus & Exgratia	20.08 2.50 27.83	23.09 2.23 16.88
	<b>Total</b>	<b>50.41</b>	<b>42.20</b>

**11. Fixed Assets**

(₹ in lakhs)

Particulars	Gross Block				Depreciation			Net Block	
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	As at 01.04.2011	For the Year	Deductions	As at 31.03.2012	As at 31.03.2011
<b>(i) Tangible Assets</b>									
Land	362.34	-	-	362.34	-	-	-	362.34	362.34
Buildings	3,496.25	0.85	-	3,497.10	772.14	102.13	9.70	2,682.53	2,724.11
Plant and Equipment	27,165.87	999.21	14.99	28,150.09	12,055.20	1,181.57	11.41	14,924.73	15,110.67
Furniture and Fixtures	223.15	0.47	0.40	223.22	100.80	10.57	0.19	112.04	122.35
Vehicles	139.65	171.62	42.35	268.92	76.06	15.33	27.52	205.05	63.60
<b>Total</b>	<b>31,387.26</b>	<b>1,172.15</b>	<b>57.74</b>	<b>32,501.66</b>	<b>13,004.21</b>	<b>1,309.59</b>	<b>48.82</b>	<b>18,236.69</b>	<b>18,383.06</b>
<b>Previous year</b>	31,133.87	290.39	37.14	31,387.11	11,643.49	1,374.00	13.44	18,383.06	19,491.65
<b>(ii) Intangible assets</b>									
Computer Software	32.91	1.08	-	33.98	11.82	5.48	-	16.68	21.09
<b>Total</b>	<b>32.01</b>	<b>1.08</b>	<b>-</b>	<b>33.08</b>	<b>11.82</b>	<b>5.48</b>	<b>-</b>	<b>16.68</b>	<b>21.09</b>
<b>Previous year</b>	32.91	-	-	32.91	6.55	5.27	-	21.09	25.09

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
12	<b>Non-Current Investments</b>		
	Non-Trading Investments*	1,211.21	1,211.21
	Less : Provision for Dimunution	2.00	2.00
	<b>[Refer Note no. 15 (a)] Total</b>	<b>1,209.21</b>	<b>1,209.21</b>
	* Includes investment of Rs.1.55 lacs (P.Y. Rs.1.55 lacs) held by subsidiary in Kothari Petrochemicals Limited (15,500 Equity Shares of Rs.10/- each)		
	Investments in Equity instruments	28.08	28.08
	Investments Others	0.26	0.26
13	<b>Long Term Loans And Advances</b>		
	Capital Advances		
	Unsecured, considered good	173.43	-
	Security deposits		
	Related Parties (Unsecured,considered good)	13.87	13.87
	Others (Unsecured,considered good)	78.80	47.23
	Loans and advances to related parties		
	Doubtful	21.15	21.15
	Others (Unsecured, considered good)	55.51	55.51
		342.76	137.75
	Less: Provision for doubtful loans and advances	76.66	76.66
	<b>Total (a)</b>	<b>266.10</b>	<b>61.10</b>
	Other loans and advances - Income Tax (net)	508.21	399.98
	[Income tax Paid Rs.1,626.57 lacs provision for tax Rs.1,118.36 lacs (P.Y. Rs.1,122.60 lacs and Rs.722.62 lacs) respectively.]		
	Loans and advances - Others	160.96	214.48
	<b>Total (b)</b>	<b>669.17</b>	<b>614.46</b>
	<b>Total (a+b)</b>	<b>935.27</b>	<b>675.56</b>
14	<b>Other Non-Current Assets</b>		
	Advance to Suppliers	56.88	36.47
	Others	25.62	15.30
		82.50	51.77
15	<b>CURRENT ASSETS</b>		
	<b>Current Investments</b>		
	Investments in Equity instruments	157.78	293.83
	Investments in Mutual funds	587.72	2,920.18
	Less: Provision for Dimiunution	118.45	42.74
	[Refer Note no 15 (b)]		
	Refer note 1 (e) for method of valuation	627.05	3,171.27

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

Note No.	Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
<b>16</b>	<b>Inventories</b>		
	Raw materials and packing materials	209.64	86.54
	Work in progress	354.39	262.57
	Finished goods	8,000.19	4,595.99
	Stores and spares	510.18	525.30
	<b>Total</b>	<b>9,074.40</b>	<b>5,470.40</b>
	Refer note.1 (f) for method of valuation		
<b>17</b>	<b>Trade Receivables</b>		
	(Unsecured, Considered good)		
	Trade receivables (More than six months)	581.76	327.10
	Trade receivables (less than six months)	1,434.44	1,102.39
	<b>Total</b>	<b>2,016.20</b>	<b>1,429.49</b>
<b>18</b>	<b>Cash and Cash Equivalents</b>		
	Cash on Hand	1.57	1.72
	Balances with Bank - In current accounts	346.77	341.27
	Fixed Deposit with Banks	1,094.94	3,230.01
	<b>Total (a)</b>	<b>1,443.28</b>	<b>3,573.00</b>
	<b>Other Bank Balances</b>		
	Balances with Bank-Under Lien	273.87	38.21
	Balances held as margin money or security against borrowings, guarantees and other commitments	142.28	286.35
	Unclaimed Debenture redemption and fractional warrant accounts.	-	4.11
	<b>Total (b)</b>	<b>416.15</b>	<b>328.68</b>
	<b>Total (a+b)</b>	<b>1,859.43</b>	<b>3,901.67</b>
<b>19</b>	<b>Short Term Loans And Advances</b>		
	Balances with government authorities (Unsecured, Considered good)		
	GENVAT credit receivable	208.00	64.50
	Service Tax credit receivable	48.68	9.52
	Others	2.42	1.91
	Prepaid Expenses	112.05	85.01
	Other loans and advances (Unsecured, considered good)	114.51	182.24
	<b>Total</b>	<b>485.66</b>	<b>343.18</b>
<b>20</b>	<b>Other Current Assets</b>		
	Drawback entitlement	16.77	-
	Other Receivables	93.57	68.71
	Advance to Suppliers	124.06	291.96
	<b>Total</b>	<b>234.40</b>	<b>360.67</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Note no.	Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
21	<b>Revenue from Operations</b>		
	Sale of products		
	Sugar	23,356.96	15,976.63
	Bagasse	-	10.74
	Industrial Alcohol	6,121.49	5,121.20
	Electric Power	3,012.93	6,352.78
	Others	201.77	225.00
	Other Operating revenues	418.00	81.10
	<b>Total</b>	<b>33,111.15</b>	<b>27,767.45</b>
22	<b>Other Income</b>		
	Interest Income		
	- From Bank Deposits	241.03	202.53
	- Others	3.24	1.54
	Dividend Income from Current Investments		
	- Others	34.76	70.22
	Dividend Income from Associate	60.17	-
	Net gain on sale of current investments	-	208.17
	Other Non-Operating Income		
	- Other Miscellaneous income	80.63	91.14
	- Exchange gain (Forex)	1.81	-
	- Bad Debts recovered	50.00	-
	- Liability no longer required written back	9.10	429.80
	<b>Total</b>	<b>480.74</b>	<b>1,003.40</b>
	<b>EXPENSES</b>		
23	<b>Cost of Materials Consumed</b>		
	Raw Material		
	Sugarcane	23,931.93	14,616.11
	Coal	715.51	3,675.95
	Others	1,293.22	1,477.07
	Chemical and Others	551.25	442.27
	Packing	647.68	420.94
	<b>Total</b>	<b>27,139.59</b>	<b>20,632.34</b>
24	<b>Changes in Inventories of Finished Goods, Work-in-progress</b>		
	<b>Opening Stock</b>		
	Finished Goods		
	Sugar	3897.14	2,774.36
	Molasses	393.24	1,307.22
	Industrial Alcohol	305.62	186.03
	Work in progress		
	Sugar	232.45	139.21
	Molasses	30.13	21.66
	<b>Total</b>	<b>4858.58</b>	<b>4,428.48</b>
	<b>Closing Stock</b>		
	Finished Goods		
	Sugar	7,520.51	3,897.14
	Molasses	439.34	393.24
	Industrial Alcohol	40.35	305.62
	Work in progress		
	Sugar	341.05	232.45
	Molasses	13.34	30.13
	<b>Total</b>	<b>8,354.59</b>	<b>4,858.58</b>
	(Increase) / Decrease over the previous year	(3,496.01)	(430.10)
	Excise duty adjustment for movement in Finished goods inventory	152.98	(86.58)
	Net change (Increase) / Decrease	(3,343.03)	(516.68)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

Note no.	Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
25	<b>Employee Benefits Expense</b>		
	Salaries and Wages	1,252.80	1,066.38
	Contribution to Provident and Other Funds	151.06	121.32
	Staff Welfare Expenses	54.32	38.77
	<b>Total</b>	<b>1,458.18</b>	<b>1,226.47</b>
26	<b>Finance Cost</b>		
	Interest Expense	467.03	925.98
	Other Borrowing Costs	43.26	22.73
	<b>Total</b>	<b>510.29</b>	<b>948.71</b>
27	<b>Depreciation and amortization expense</b>	<b>1,315.08</b>	<b>1,379.28</b>
28	<b>Other Expenses</b>		
	Consumption of stores and spare parts	805.27	483.03
	Power and Fuel	477.13	306.17
	Rent	47.49	47.22
	Repairs-Buildings	73.77	62.63
	Repairs to Machinery	326.56	265.10
	Repairs to Others	74.55	67.56
	Organic Manure	66.03	45.37
	Insurance	65.92	71.63
	Rates and Taxes	146.97	188.57
	Excise duty expunged	304.02	453.83
	Freight & Clearing Expenses	329.96	194.35
	Directors Sitting fees	1.92	1.60
	Auditor's Remuneration		
	-Statutory Audit	2.75	2.75
	-Certification	1.20	1.20
	Travelling Expenses	84.44	87.38
	Research and Development	5.62	0.40
	Conveyance	11.78	11.84
	Professional Fees	84.38	67.30
	Commission	153.96	81.51
	Loss on Sale of Assets	2.41	7.11
	Rebates & Discounts	12.24	128.73
	Administration Expenses	360.59	326.86
	Bad Debts	82.23	-
	Diminution in value of current Investments	75.70	4.94
	Net Loss on Sale of current Investments	163.42	-
	Miscellaneous Expenses	24.64	14.40
	<b>Total</b>	<b>3,784.96</b>	<b>2,921.49</b>

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

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

Consolidation is done based on the audited financials of the subsidiary, KITL as on 31-03-2012 &amp; KPL(Associate) as on 31-03-2012.

**30. Employee Benefits:**

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

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

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

a) **Earned Leave**

₹ in Lakhs

Particulars	2011-12	2010-11
<b>Net Liability Recognized</b>		
Present Value of Obligation	10.54	7.09
Fair Value of Assets	Not Applicable	Not Applicable
Net Liability Recognized	(10.54)	(7.09)
<b>Principal Actuarial Assumptions</b>		
Interest rate (Liabilities)	8.00%	8.00%
Return on assets	Does not arise	Does not arise
Mortality table	LIC(94-96)	LIC(94-96)
Resignation rate per annum	1%	1%
Salary escalation rate	6%	10 %

b) **Gratuity**

₹ in Lakhs

Particulars	2011-12	2010-11
<b>Projected benefit obligation at the beginning of the period</b>	239.74	211.05
Current service cost	26.06	14.54
Interest cost	20.03	17.43
Actuarial loss / (gain)	22.88	(0.95)
Benefits paid	(35.66)	(2.33)
<b>Projected benefit obligation at the end of the period</b>	273.05	239.74
<b>Amounts recognized in the balance sheet</b>		
Projected benefit obligation at the end of the period	273.05	239.74
Fair value of plan assets at end of the period	220.14	192.52
<b>Liability recognized in the balance sheet</b>	52.91	47.22
<b>Cost for the period</b>		
Current service cost	26.06	14.28
Interest cost	20.03	17.43
Expected return on plan assets	(12.19)	(14.21)
Net actuarial (gain)/loss recognized in the period	28.64	(9.41)
<b>Total</b>	62.54	8.09
<b>Less: Share of contribution from Associate Company</b>	(3.73)	(6.66)
<b>Net Cost recognized in Statement of Profit &amp; Loss</b>	58.81	1.43

**31. Contingent Liabilities: -****PARENT COMPANY**

- (a) Excise duty demands under appeal Rs.545.12 Lakhs (P.Y. Rs 613.59 Lakhs)
- (b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs.Nil (P.Y. Rs.2.02 Lakhs)
- (c) Urban Land Tax under appeal Rs.37.23 Lakhs (P.Y. Rs.36.18 Lakhs)
- (d) Customs Duty under appeal Rs.73.39 Lakhs (Rs.73.39 Lakhs)
- (e) Electricity Generation Tax Rs.225.59 Lakhs
- (f) Bank Guarantees Rs.1,610.05 lakhs (P.Y. Rs.2,437.24 lakhs)

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

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

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

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

**Sugar, Power generation and Distillery.**

Sugar segment comprises Sugar and Molasses, Power segment comprises generation of power from Bagasse and Coal and Distillery segment comprises of rectified spirit and denatured spirit.

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

**ii) Geographical Segments**

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

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

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

**Refer Separate workings on Segment results - Annexure - I at Page No.65**

**34. Related Party Disclosures**

Refer Separate workings on Related party transactions - Annexure - II at Page No.66

**35. Earnings per Share:**

Particulars	2011-12	2010-11
Net Profit after Tax excluding Exceptional Item (Rs.in lakhs)	928.19	1120.56
No. of Equity Shares of Rs. 10/- each	8,28,88,580	8,28,88,580
Earning per Share ( Basic & Diluted) (Rs.)	1.12	1.35

**36. Foreign Exchange earnings and outgo**

₹ in Lakhs

S.No.	Particulars	2011 – 2012	2010 - 2011
(i)	Total Foreign Exchange earned	2561.79	44.93
(ii)	Total Foreign Exchange outflow	25.36	50.30

**37. The brief summary of the results of Subsidiary consolidated with Parent.**

₹. In Lacs

Details of Subsidiary Company	Kothari International Trading Ltd.	
	2011-12	2010-11
<b>Financial Year</b>		
Share Capital	100.00	100.00
Reserves & Surplus	(407.89)	(525.93)
Total Liabilities	319.23	223.01
Total Assets	319.23	223.01
Total Income	200.08	84.10
Profit Before Tax	139.59	(204.17)
Provision for Tax	21.54	-
Profit After Tax	118.05	(204.17)
Kothari Petrochemicals Ltd	1.55	1.55
Rs.10/- each fully paid (Nos.)	15,500	15,500
Total Liabilities=Loan Funds + Current Liabilities	-	-

38. Consequent to the notification under the Companies Act,1956, the financial statements for the year ended 31st March 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

For and on behalf of the Board

As per our Report of even date

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

**BH Kothari**  
Chairman & Managing Director

**P S Gopalakrishnan**  
Director

Place: Chennai  
Date : August 03, 2012

**R Prakash**  
Company Secretary

**R Rajaram**  
Partner



**Annexure I - Segment Information - Note No.33**

- 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 lacs

Particulars	Sugar		Power		Distillery		Total	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Segment Revenues	26,729.88	18,308.34	4,962.55	7,716.24	6,274.64	5,235.24	37,967.07	31,259.82
Segment Results	310.29	406.62	(264.98)	413.07	2,607.89	1,188.08	2,653.19	2,007.77
Segment Assets	17,432.44	12,392.21	7,845.26	7,690.53	5,910.83	6,185.71	31,188.53	26,268.46
Segment Liabilities	17,704.58	11,985.59	8,110.25	7,277.46	2,720.51	4,997.63	28,535.34	24,260.68
Capital Expenditure	21.39	32.30	38.44	1.24	977.20	168.91	1,037.03	202.45
Depreciation	374.78	447.25	675.89	675.10	222.28	226.98	1,272.95	1,349.33

₹ in lacs

**Reconciliation of reportable segments with the financial statements:**

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Total Reportable Segment	37,967.07	31,259.82	2,653.19	2,007.77	26,268.46	24,260.68	28,535.34	24,260.68	1,037.03	202.45	1,272.95	1,349.33
Corporate-Unallocated	-	562.97	(1,988.55)	(1,799.34)	9,604.05	10,854.75	7,115.79	10,854.75	136.20	87.94	42.13	29.94
Inter Segment	(5,762.62)	(4,074.51)	-	-	-	-	-	-	-	-	-	-
Other non operating revenues	479.66	366.83	(2.65)	(9.39)	-	-	-	-	-	-	-	-
Interest	-	-	181.88	558.02	-	-	-	-	-	-	-	-
Interest and Dividend income	-	-	84.32	363.49	1,400.99	1,383.53	1,383.53	1,037.51	-	-	0.01	0.01
Others	151.08	84.11	84.32	363.49	1,400.99	1,383.53	1,383.53	1,037.51	-	-	0.01	0.01
<b>Total</b>	<b>32,835.19</b>	<b>28,199.23</b>	<b>928.19</b>	<b>1,120.56</b>	<b>37,273.50</b>	<b>36,152.94</b>	<b>37,034.66</b>	<b>36,152.94</b>	<b>1,173.22</b>	<b>290.39</b>	<b>1,315.08</b>	<b>1,379.28</b>

₹ in lacs

**b) Secondary Segment Information**

Sl. No.	Particulars	2011-12		2010-11	
		India	Rest of the World	India	Rest of the World
1.	Revenue by Geographical Market	35,405.28	2,561.79	31,259.82	-
2.	Carrying amount of segment Assets	31,188.53	-	26,268.46	-
3.	Additions to Fixed / Intangible Assets	1,173.22	-	290.39	-

## Annexure II - Related Party Disclosures (Note No.34)

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

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

₹ in Lacs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)													
	Parvathi Trading & Finance Co.Pvt. Limited		Kothari Petro Chemicals Limited		Century Foods Pvt. Limited		Kothari Safe Deposits Limited		Kothari Bio-Tech Limited		Kothari International Trading Limited		Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent	-	-	-	-	28.19	28.19	18.40	18.40	-	-	-	-	-	-
Interest	-	-	-	-	2.54	2.15	4.23	3.22	-	-	-	-	-	-
Common Expenses	-	-	47.29	60.98	-	-	-	-	-	-	5.28	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	137.88	-	-	-
Purchase of Scrap	-	-	-	-	-	-	-	-	-	-	-	2.42	-	-
Rates & Taxes	-	-	-	-	-	-	2.15	2.33	-	-	-	-	-	-
Purchase of water	-	-	-	-	-	-	-	-	0.54	0.69	-	-	53.76	53.76
Remuneration of	-	-	-	-	-	-	-	-	-	-	-	-	45.39	12.21
Commission to	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repayment	284.45	284.45	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding Balances</b>														
Loans and Advances	-	-	-	-	-	-	-	-	21.15	21.15	60.79	55.51	-	-
Term Loans	(1,085.15)	(1,202.46)	-	-	-	-	-	-	-	-	-	-	-	-
Zero Coupon Bonds	(1,909.49)	(2,076.62)	-	-	-	-	-	-	-	-	-	-	-	-
Rental Deposit	-	-	-	-	-	-	13.87	13.87	-	-	-	-	-	-
Investment in Share Capital	-	-	1,201.90	1,201.90	-	-	-	-	-	-	99.99	99.99	-	-
Share Capital	4,998.66	4,606.69	-	-	-	-	-	-	-	-	-	-	-	-

**PROXY FORM**

Folio No.:

\* Client ID No.:

(\* in case of dematerialized shares)

I / We ..... of ..... in the district of ..... being a member(s) of the above named company, hereby appoint Mr./ Ms. .... of ..... in the district of ..... or failing in / him / her Mr. / Ms. .... of ..... in the district of ..... as my / our proxy to attend and vote for me / us on my / our behalf at the 51<sup>st</sup> Annual General Meeting of the Company to be held on Tuesday, the 25<sup>th</sup> September 2012, at 10.30 A.M. at The Music Academy, Mini Hall Old. No. 306, New No.168, T.T.K. Road, Chennai - 600 014. to transact the following business.

Signed this ..... day of ..... 2012.

No. of Shares held .....

The Companies Act, 1956, lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting. The Proxy need not be a Member of the Company.

Affix  
Re. 1  
Revenue  
Stamp

**ATTENDANCE SLIP****REQUEST TO MEMBERS**

Folio / Client ID No. :

Name of the  
Attending Member .....Name of the Proxy\* .....  
\* (If Proxy attends instead of member)I here by record my presence at the 51<sup>st</sup> Annual General MeetingVenue : The Music Academy, Mini Hall  
Old. No. 306, New No.168,  
T.T.K. Road, Chennai - 600 014Date : Tuesday, 25<sup>th</sup> September, 2012

Time : 10.30 A.M.

1. Shareholders and their proxies should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to bring their copies of the Annual Report to the Meeting as the Company is unable to provide another copy in view of the increased cost of paper.
3. Members are requested to be in their seats at the Meeting Hall before the scheduled time for commencement of the Annual General Meeting to avoid interruption in the proceedings.
4. Members intending to appoint Proxies are requested to complete the Proxy Form sent herewith and deposit the same at the Registered Office of the Company 48 hours before the time fixed for holding the Meeting.
5. If you and/or your family members are receiving more than one copy of the Annual Report and other communication and would like to avoid duplication, kindly advice us to mail only one copy. This will help us to avoid wastage.

**Note : Please ensure that your Folio / Client ID Number is duly mentioned in this form.**

**Signature of Shareholder/Proxy**

