

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Mr. Pradip D. Kothari
Chairman & Managing Director

Mr. K. Santhanam

Mr. Chetan Vijay Pagariya

Dr. Easo John

COMPANY SECRETARY

Mr. G. Mohan Das

AUDITORS

M/s. B.B. NAIDU & CO
Chartered Accountants
Chennai

REGISTERED OFFICE:

"Kothari Buildings"
114, Mahathma Gandhi Salai
Chennai – 600034

FACTORY:

Super Phosphate Factory
Ennore
Chennai - 600 057



KOTHARI INDUSTRIAL CORPORATION LIMITED

Regd. Office : "Kothari Buildings"
114, Mahathma Gandhi Salai, Chennai 600 034

NOTICE TO MEMBERS

NOTICE is hereby given that the **40th Annual General Meeting** of the Company will be held at **11.00 A.M. on Tuesday the 28th September, 2010 at Narada Gana Sabha, 314, T.T.K. Road, Chennai – 600 018** to transact the following business:

The Agenda for the Meeting will be as follows:

ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2010 and the Balance Sheet as at that date along with the Auditors' Report and the Directors' Report circulated to the members be and are hereby adopted."

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr.Chetan Vijay Pagariya who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

3. To consider and if thought fit, to pass with or without modification, the following resolution as on Ordinary Resolution:

"RESOLVED THAT Messrs.B.B.Naidu & Co., Chartered Accountants, Chennai, the retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company in addition to traveling and other out of pocket expenses."

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai
Date : 24.08.2010

G.MOHAN DAS
COMPANY SECRETARY

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE LODGED WITH THE COMPANY AT ANY TIME NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING. A FORM OF PROXY IS ENCLOSED.

Note:-

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 24th September, 2010 to Tuesday the 28th September, 2010(both days inclusive).
2. (a) Members are also hereby informed that the equity shares of the Company are available for dematerialization / rematerialisation under the Depository System.
(b) M/s.Integrated Enterprises (India) Limited, Chennai-600 017 are the Registrars & Share Transfer Agents for dealing with electronic form of equity shares of the Company. The ISIN Code allotted to the Company is INE972A01012.
3. Members are requested to notify the change of address, if any immediately to the Company.
4. Members with identical order of names who are holding shares in multiple folios are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings into one folio.
5. Members/Proxies should bring Attendance Slip(duly completed) for attending the meeting as well as copy of the Annual Report.

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**PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE
FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49
OF THE LISTING AGREEMENT:**

Name of Director	Mr.Chetan Vijay Pagariya
Date of birth & Age	26.06.1981, 29 Years
Date of Appointment	20.08.2008
Qualifications	B.Com., GDC&A & ACA
Expertise	Project, Financing & Taxation
Directorships in other companies	Nil
Membership/Chairman in other companies	Nil
Committee Membership in	Nil
Shareholding in Kothari Industrial Corporation Limited	Nil



REPORT OF THE DIRECTORS

Your Directors present herewith the Fortieth Annual Report on the performance of the Company along with the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2010.

The Financial Results are as follows:

	2009 - 10	2008 - 09
	(Rs.in Lacs)	
Turnover/Income from Services	<u>5625.10</u>	<u>2972.06</u>
Profit before Interest and Depreciation	14.28	438.49
Interest and Finance Charges	67.87	5.06
Profit before Depreciation	(53.59)	433.43
Exceptional items	(39.97)	(81.21)
Profit/(Loss) before Depreciation	(93.56)	352.22
Depreciation	(15.92)	(14.71)
Taxation	(211.74)	(777.86)
Balance Loss brought forward from the previous year	(3152.94)	(4476.79)
Loss carried to Balance Sheet	(3474.16)	(3152.94)

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31st March, 2010.

OPERATIONS:

The Turnover of Single Super Phosphate, NPK mixtures, Straight fertilizers and trading in pesticides was Rs.5214.00 Lakhs as compared to Rs.2400.26 Lakhs in the previous year. Your Directors are pleased to report the successful restoration of the production of Single Super Phosphate at its plant at Ennore during Dec.'09 - Jan.'10. The Company produced 11370 MT of Single Super Phosphate during the year under review.

FUTURE PROSPECTS:

As mentioned in the last Annual Report, the Company is contemplating issue of shares at par to Promoters, Promoters Group and others on preferential basis subject to the approval of appropriate authorities for making available the adequate working capital.

With respect to transportation of Single Super Phosphate to various parts of the country, the Company has planned to lay a dedicated Railway Siding. In this regard, it has already obtained the necessary permission from the Indian Railways.

The particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable are attached to this report.(Annexure - A)

CORPORATE GOVERNANCE:

Your Company has complied with the requirements of the code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange. A detailed report on Corporate Governance together with certification of the Chairman and Managing Director, Certificate of the Statutory Auditors on compliance with the Corporate Governance along with the Management Discussion and Analysis Report are attached to form part of the Annual Report (Annexures B & C).

Further as required under Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is also attached to this Report.

DEPOSITS:

The Company has not accepted any public deposit during the year.

DIRECTORS:

Mr.Chetan Vijay Pagariya, Director retires by rotation and is eligible for reappointment.

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- 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

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Financial Year and of the Profit or Loss of the Company for that period.

c) To the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) They have prepared the annual accounts on a going concern basis.

AUDITORS:

The Auditors, M/s.B.B.Naidu & Co., Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed. A certificate under Sec.224(1B) of the Companies Act, 1956 has been received from them together with the peer review certificate.

With regard to the remarks in the Auditors' Report, the relevant financial notes are self-explanatory.

PARTICULARS OF EMPLOYEES:

There is no employee, particulars of whom are to be furnished under Sec.217(2AA) of the Companies Act, 1956.

RESEARCH & DEVELOPMENT:

During the year under review the Company has spent Rs.0.41 lakhs towards upgradation of in-house Research & Development wing at the fertilizer factory situated at Ennore near Chennai.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation of the valuable support and help of the Financial Institutions, Government authorities, Banks and Employees. The cooperation and the forbearance of the members are gratefully acknowledged.

On behalf of the Board of Directors

Place: Chennai
Date: 24.08.2010

Pradip D. Kothari
Chairman &
Managing Director



ANNEXURE – A

CONSERVATION OF ENERGY

FORM – A

Form for disclosure of particulars with respect to conservation of Energy

A. Power and Fuel Oil consumption		Current Year 2009-10
(1) Electricity		
a. Purchased power		
Units (in lakhs)	:	207930
Variable cost (Rs.in lakhs)	:	-
Total cost (Rs. in lakhs)	:	23,79,516/-
Rate/Unit (Rs.)	:	5/-
Units charges (Rs./Unit)	:	5/-
Demand charges (Rs. / KVA)	:	300/-
b. Own generation	:	-
(2) Coal	:	-
(3) Furnace oil/LSHS	:	-
(4) Diesel	:	-
(5) Windfarm	:	-
B. Consumption per unit (MT) of production		
Product	:	Single Super Phosphate
Production	:	11370 MT
Electricity consumed	:	207930 units
Consumption Per unit (MT) of production	:	Rs.18.28

FORM – B

Form of disclosure of particulars with respect to absorption : -

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign Exchange earned : Rs.3.27 lakhs

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ANNEXURE- B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Kothari Industrial Corporation Limited is engaged in the core business of manufacturing and trading of Fertilizers and trading of Micro Nutrients including Straight Fertilizers. The key issues relating to this line of activity are discussed below:-

Indian Economy which is primarily dependent on agriculture besides industrial sector, records a substantial growth in the economy's performance. The growth of the agricultural sector is based on many factors including onset of the monsoon over the Indian Sub-continent. A good monsoon raises the hopes of the farmers and in turn the prospects of our business. We in turn deliver fertilizers for increased output of the agricultural sector.

Our Company's products being branded ones enjoy a market especially in the southern parts of India. The Company recorded a turn over of Rs.56.25 crores against the previous year turn over of Rs.24.00 crores, thereby registering a growth of 134.38% during the year under review.

Your Company continues to exercise good control over all costs on direct or indirect with a aim to register profits for the Company.

A team of Internal Auditors continue to visit all the branches of the Company on regular basis to ensure adherence to the established systems and procedures. The audit reports are reviewed by the Senior Management Committee at the head office and Audit Committee at its review meetings at frequent intervals.

Outlook

The introduction of the Nutrient Based Subsidy Scheme (NBS) by Ministry of Chemicals and Fertilisers, GOI w.e.f 1st May 2010 has heralded a new era in the Fertiliser Industry in India. The NBS

envisages a fixed subsidy per nutrient of "N", "P" or "K" and allowed Manufacturers and Importers to fix their own MRP. This is expected to remove the imbalances in nutrient applications in the fields and bring a level playing field for all Companies manufacturing Phosphatic fertilisers.

Despite an excess production capacity in the SSP Industry – 400 % more than average consumption, your company continued to have orders in excess of our Production capacities, thanks to a four decade strong brand, a committed sales team and an extensive network of dealers in South India.

Your Company hopes to take advantage of the above strong factors in its favour and looks at reaching the position of being the **second largest producer of SSP** in South India among 14 Manufacturers.

Your Company also has entered into Marketing tie ups with other SSP Manufacturers to sell SSP in the "Kotharis Horse Brand". This will help to establish our brand in places where it is economically unviable to service from our factory in Chennai.

Your company proposes to increase its share in the growing market of organic products and micro nutrients, by adding new products and expanding the markets.

As the scope for physical mixtures is gradually coming down, your company has entered into marketing tie ups with five large manufacturers of Granulated NPK Mixtures and hopes to invest in one NPK Granulation unit very soon.

Your company is also exploring the possibilities of a Manufacturing and Marketing tie up with a European Company for Growth promoters and Specialty Fertilisers.



ANNEXURE – C

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy:

Kothari Industrial Corporation Limited firmly believes in the implementation of best practices of corporate governance so that the Company could achieve its corporate goals and further enhance stakeholder value. It has been its endeavour to attach a great deal of importance on ensuring fairness, transparency, accountability and responsibility towards stakeholders, besides consistently implementing best possible practices by providing optimum level of information and benefits to the stakeholders.

2. Code of Conduct:

The Code of Conduct laid down by the Company is applicable to the Board of Directors and all the Senior Management of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. All the Directors and Senior Management have adhered to the Code of Conduct and have signed declarations of compliance to the Code of Conduct. The declaration signed by Mr. Pradip D. Kothari, Chairman & Managing Director is given separately in the Annual Report.

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2010 are given below:

Name of the Director	Number of other Companies Directorship	Number of other Companies Committees of which member	Number of shares of the Company held as on 31.03.2010
Shri. Pradip D. Kothari Chairman and Managing Director	2	Nil	2057082
Shri. K. Santhanam Director	1	Nil	Nil
Shri. Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr. Easo John Director	Nil	Nil	Nil

3. Board of Directors:

The Board of Directors consists of Chairman & Managing Director and three Non-executive Independent Directors. Details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them are given separately in this Report. The personal information about Directors being reappointed is already appended to the Notice convening the Annual General Meeting.

None of the Directors of the Company is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in clause 49(1)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All the Directors have certified that none of them are disqualified as on 31st March 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of 274 of the Companies Act, 1956.

The non executive Directors are entitled to sitting fees for every meeting of the Board attended by them. The Chairman & Managing Director has been appointed without remuneration.

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4. Audit Committee:

The Audit Committee presently consists of two non-executive Independent Directors i.e., Mr.K.Santhanam and Mr.Chetan Vijay Pagariya. Mr.K.Santhanam is the Chairman of the Audit Committee. The Chairman & Managing Director, Internal Auditor, Statutory Auditor and the Company Secretary are invitees to the Audit Committee Meetings. The terms of reference of the Audit Committee cover the matters specified in respect of such Committee under Clause 49 of the Listing Agreement as amended from time to time and Section 292A of the Companies Act, 1956. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors and discuss their findings, the scope of audit, audit qualifications, if any, reviewing related party transactions, compliance with the listing agreements and other legal requirements and the Company's financial and risk management policies and compliance with statutory requirements. A Chartered Accountant firm have been appointed as the Internal Auditors of the Company. They report directly to the Audit Committee of the Board with respect to the areas covered by them.

7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31st March, 2010 are given below:

Name of the Director	Board Meetings	Audit Committee Meetings	Share Transfer Committee Meetings	Shareholders' Grievance Committee Meetings	AGM held on 14 th December 2009	Directors Sitting Fees Rs.
Shri.Pradip D. Kothari Chairman and Managing Director	6	Nil	9	Nil	Attended	Nil
Shri.K.Santhanam Director	6	3	6	4	Attended	60000
Shri.Chetan Vijay Pagariya Director	4	3	Nil	3	Attended	40000
Dr.Easo John Director	4	Nil	Nil	Nil	Attended	40000
Mr.T.Sankaran Director (upto 13.08.2009)	2	3	3	1	Attended	Nil

5. Share Transfer Committee:

The Board has constituted a Share Transfer Committee to approve the Share Transfers, Transmissions, Transposition of name, Issue of Split / Duplicate share certificates, to ratify confirmations made to the demat requests received by the Company. The Committee consists of two Members namely Mr.Pradip D. Kothari and Mr.K.Santhanam. Mr.K.Santhanam is a non-executive independent Director. Mr.G.Mohan Das is the Member Secretary. The Chairman of the Committee is Mr.Pradip D. Kothari. Share transfers are effected by the Registrars and Share Transfer Agents (R&TA) M/s.Integrated Enterprises (India) Limited, Chennai, on the authorization given by the Board to the extent the shares are in the demat form. With respect to the shares held in physical form, the Company's share department undertakes the activities of share transfers etc.

6. Shareholders' Grievance Committee:

The Board of Directors have constituted a Shareholders' Grievance Committee to address to the redressal of the investors complaints received by the Company / Registrar and Transfer Agents. The Committee consists of one Executive Director and two non-executive Independent Directors namely, Mr.Pradip D. Kothari, Mr.K.Santhanam and Mr.Chetan Vijay Pagariya respectively. Mr.G.Mohan Das is the Member Secretary/Compliance Officer. During the year 18 complaints were received from the investors and all of them were dealt with satisfactorily.



Note: 6 Board Meetings were held during the year on 29.06.09, 13.08.09, 22.10.09, 30.01.10, 19.03.10 & 25.03.10, 3 Audit Committee Meetings were held during the year on 12.08.09, 21.10.09 & 30.01.10, 9 Share Transfer Committee Meetings were held during the year on 27.04.09, 22.05.09, 30.06.09, 28.08.09, 03.11.09, 30.11.09, 18.01.10, 18.02.10 & 26.03.10 and 4 Shareholders' Grievance Committee Meetings were held on 30.06.09, 30.09.09, 31.12.09 & 31.03.10.

8. Disclosures:

- i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.
- ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.

9. Means of Communication:

As stipulated under Clause 41 of the Listing Agreement the quarterly / half-yearly results will be published by the Company in one English national newspaper and one Tamil newspaper within 48 hours of the conclusion of the Board Meeting in which the results are approved. They will also be displayed at the proposed website of the Company.

10. General Shareholder Information:

- (i) The Fortieth Annual General Meeting of the Company will be held on 28th September 2010 at 11.00 A.M. at Narada Gana Sabha, 314, T.T.K. Road, Chennai-600018. The particulars of Annual General Meetings held during the last three years along with the special resolutions passed are as under:

Year	Date & Time	Venue	Special Resolutions considered thereof	Result
2006-07	26.04.2008 10.35 a.m.	Rani Seethai Hall 603, Anna Salai, Chennai – 600006.	Nil	-
2007-08	24.09.2008 10.30 a.m.	-do-	Nil	-
2008-09	14.12.2009 03.30 p.m	-do-	(1) Special Resolution pursuant to consent of the members for rescinding of issue of 1,24,83,885 equity shares of Rs.5/- each on Rights basis to existing members in the ratio of one equity share of Rs.5/- each for every fully paid up equity share of Rs.5/- each as approved at the EGM held on 12.02.2009. (2) Special Resolution pursuant to the provisions of Sec. 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, etc. for issue of 75,26,725 fully paid equity shares of the face value of Rs.5/- each aggregating to Rs.3,76,33,625/-.	Passed Passed

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No resolution has been put through postal ballot.

No special resolution or ordinary resolution on matters requiring postal ballot are placed or approval of shareholders at the forthcoming 40th AGM to be held on 28th September, 2010.

- (ii) **Book Closure dates :** Friday the 24th September, 2010 to Tuesday the 28th September, 2010(both days inclusive).
- (iii) **Listing of Equity Shares:** The Company has already made an application with Bombay Stock Exchange for re-listing of its shares and said application is being processed. Further the Company also intends applying to the Madras Stock Exchange for listing to enable it to get the trading approved on National Stock Exchange through Madras Stock Exchange.

11. Registrar and Share Transfer Agents:

All share registry work in respect of demat segments are handled by M/s.Integrated Enterprises(I) Ltd., II Floor, "Kences Towers", 1, Ramakrishna Street, off North Usman Road, T.Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of Investor servicing relating to the demat of shares and the physical shares are handled by the Company's shares department.

12. Distribution of shareholding as on 31st March, 2010:

Range	Shareholders		Shares	
	Number	%	Number	%
UPTO 100	42345	81.52	1919811	12.29
101 - 200	5664	10.90	913361	5.85
201 - 500	2813	5.42	926703	5.93
501 - 1000	714	1.37	531153	3.40
1001 – 5000	273	0.53	493419	3.16
5001 – 10000	30	0.06	208903	1.34
10001 AND ABOVE	36	0.20	10625702	68.03
	51875	100.00	15619052	100.00



13. Shareholding Pattern as on 31st March, 2010:

Sl. No.	Category	No. of holders	No. of shares	%
A	Promoters	68	4362139	18.36
	Total Promoter holding	68	4362139	18.36
B	Others			
1	Residents (individuals/clearing members)	51459	4968063	31.81
2	Financial Institutions/ Insurance Co./Banks/UTI	44	2788061	17.85
3	Foreign Institutional Investors	-	-	-
4	Bodies Corporate	277	2928347	13.25
5	Directors & Relatives	9	24386	0.16
6	Non Resident Indians	6	103890	0.66
7	Trusts	12	444166	2.84
	Total	51875	15619052	84.93

14. Dematerialization of shares:

As on 31st March 2010, 5252367 equity shares were held in dematerialized form representing about 34% of the total shares. The balance were held in physical form.

15. Plant Location:

Super Phosphate Factory
Ennore
Chennai – 600 057.

16. Address for Correspondence:

Investors may contact the Registrar and Share Transfer Agents (R&TA) for matters related to demat of shares and related issues at the following address:

M/s.Integrated Enterprises(I) Ltd.,

II Floor, "Kences Towers",
1, Ramakrishna Street,
off North Usman Road, T.Nagar,
Chennai 600 017

For matters relating to physical shares, annual reports and other general matters or in case of any difficulties/grievances investors may contact:

Company Secretary & Compliance Officer

M/s.Kothari Industrial Corporation Limited

"Kothari Buildings"
No.114/117, Mahathma Gandhi Salai,
Nungambakkam,
Chennai – 600 034.
Phone No.044-28334565
Fax No.044-28334581
E-mail: mohandas@kotharis.in

Kothari Industrial Corporation Limited

Certification of the Chairman & Managing Director to the Board with respect to adherence and declaration of compliance with Code of Conduct:

I, Pradip D. Kothari, Chairman and Managing Director of Kothari Industrial Corporation Limited hereby certify that

- (a) I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of my 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 the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my 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) I accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee that:
 - (i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - (ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements and
 - (iii) To the best of my knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai
Date : 24.08.2010

Pradip D. Kothari
Chairman and Managing Director



Declaration on compliance with Code of Conduct

Pursuant to Clause-1(D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the financial year ended 31st March, 2010, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Chennai
Date: 24.08.2010

Pradip D. Kothari
Chairman and Managing Director

Certificate of the Statutory Auditors on compliance of Corporate Compliance:

To the members of Kothari Industrial Corporation Limited:

We have examined the compliance of conditions of Corporate Governance by Kothari Industrial Corporation Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of the conditions of the 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 the 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, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

We 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 B.B. NAIDU & CO
Regn.No.002291S
Chartered Accountants

Place:Chennai
Date : 24.08.2010

A.SEKAR
Partner
Membership No.18784

Kothari Industrial Corporation Limited

REPORT OF THE AUDITORS

To
The Members of
Kothari Industrial Corporation Limited

We have audited the attached Balance Sheet of M/s Kothari Industrial Corporation Ltd., Chennai – 600034 as of 31st March, 2010, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of sub-section (4A) of Section 227 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.
3. Attention is invited, without qualifying our Report to note no.1 in Schedule No.16 to the accounts mentioning the reasons by the management for presenting the accounts on principles applicable to a "Going Concern".
4. Further to our comments in the annexure referred to above, we state that:
 - (i) In our opinion, proper books of account as required by law have been maintained so far as appears from the examination of those books
 - (ii) The Balance Sheet and Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with such books of account referred to in paragraph (i) above.
 - (iii) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with this report comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956 .
 - (iv) In our opinion, the said accounts together with the accounting policies and notes on accounts and read with para 4 above, give the information required under the Companies Act, 1956 in the manner required.
5. On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956.
6. We report that
 - (i) the Balance Sheet gives a true and fair view of the state of the company's affairs as at 31st March, 2010
 - (ii) the Profit & Loss Accounts gives true and fair view of the loss for the year.
 - (iii) In the case of the Cash flow statement for the year ended 31st March, 2010, the cash flows for the year ended on that date.

For B.B. NAIDU & CO
Regn.No.002291S
Chartered Accountants
A.SEKAR
Partner
Membership No.18784

Place:Chennai
Date : 24.08.2010



ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2010

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the Management in a phased manner according to the Company's procedure.
2. (a) The inventories have been periodically physically verified during the year by the Management which in our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed during physical verification between the physical stocks and the book records were not material.
3. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and the same has been properly dealt with in the accounts.
4. (a) The Company has not granted any loan during the year to any party listed in the Register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not taken any loan from parties listed in the register maintained under section 301 of the Companies Act 1956.
5. 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 with regard to purchases of inventory and fixed assets and with regard to the sale of goods and there are no major weaknesses in such internal control.
6. Based on the Register maintained under Section 301 of the Companies Act transactions exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. The Company has not accepted any deposits from public during the year.
8. The internal audit is being carried out by an external firm of Chartered Accountants, which in our opinion is commensurate with the size of the company and nature of its business.
9. The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 does not apply to any of the products of the company.

Kothari Industrial Corporation Limited

10. (a) According to the records of the Company, the company **has not fully deposited with appropriate authorities undisputed statutory dues i.e., Income Tax amounting to Rs.8.77 lakhs.**

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of income-tax, sales-tax, customs duty and excise duty were outstanding as at 31.3.2010 for a period of more than six months from the date they became payable.

(c) According to the records of the company, there are dues of sales tax, income-tax, customs duty/wealth-tax, excise duty/cess which have not been deposited on account of disputes with statutory authorities, which is furnished below:

Details of Dispute	Nature of Dispute	Forum of Dispute	Period	Amount Rs. in Lakhs
I – Tamilnadu Branch Transfer of Fertilisers Non-receipt of 'C' Forms and Disputed tax on sulphur loan	TNGST & CST	D.C.C.T. Appeals STAT and High Court Stay	1988-89 to 1991-92	872.97
II – Karnataka Turnover tax on NPK Mixture	KST	STAT - Stay	1996-97	3.87
III – Kerala Disputed rate of tax	KGST	STAT - Stay	2001-02	0.05
Total				876.89
<u>REMANDED BACK TO ASSESSING AUTHORITIES</u> Branch Transfer of fertilizers, Non-receipt of 'C' Forms and Disputed Taxes	TNGST & CST	D.C.C.T. Appeals, STAT and High Court	1985-86 to 1997-98	77.42

11. The Company has accumulated losses, however such accumulated losses of the Company are not more than its net worth as at the end of the financial year. The Company has incurred cash losses during the current financial year.
12. Based on our examination of the books and on the information and explanation given by the management, **the company has defaulted in repayment of dues to financial institutions and banker(s) and the matter is pending adjudication before the Hon'ble Debt Recovery Tribunal, Chennai.**
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
14. In our opinion, according to the information and explanation given to us. the nature of activities of the company does not attract in special statute applicable to Chit Fund and Nidi/Mutual Benefit Fund / Societies.



15. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts in relation to shares, debentures and other instruments and timely entries have been made in those records. We also report that the company has held the shares, securities in its own name.
16. The company has not given guarantee for loans taken by others from banks and financial institutions during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. Based on our examination of record and the information provided to us by the Management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Sec.301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the period covered by our audit.
21. Based upon the audit procedures performed and based on the available information and explanations given by the management we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.B. NAIDU & CO
Regn.No.002291S
Chartered Accountants

A.SEKAR
Partner
Membership No.18784

Place:Chennai
Date : 24.08.2010

KOTHARI INDUSTRIAL CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

		Rupees in lacs	
SCHEDULE	As at 31.3.2010	As at 31.3.2009	
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1326.20	1326.20
Reserves and Surplus	2	<u>2399.66</u>	<u>2639.44</u>
		3725.86	3965.64
Loan Funds			
Secured	3	3074.31	2453.20
Unsecured	4	<u>345.64</u>	<u>609.92</u>
		<u>3419.95</u>	<u>3063.12</u>
		<u>7145.80</u>	<u>7028.76</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	4325.99	4201.77
Less: Depreciation		<u>1992.94</u>	<u>1737.25</u>
		2333.04	2464.52
Deferred Tax Asset			
Investments	6	778.03	989.77
Current Assets, Loans and advances		0.09	0.11
Current Assets			
Inventories	7	976.27	268.23
Sundry Debtors		661.12	214.11
Cash and Bank Balances		<u>327.73</u>	<u>105.73</u>
		<u>1965.11</u>	<u>588.07</u>
Loans and advances	8	774.01	599.26
		<u>2739.13</u>	<u>1187.33</u>
Less: Current Liabilities and Provisions			
	9	<u>2223.99</u>	<u>765.91</u>
		515.14	421.42
Miscellaneous Expenditure & Losses (to the extent not written off or adjusted) (Note 2)			
Profit and Loss Account Balance	10	<u>3474.16</u>	<u>3152.94</u>
		<u>7145.80</u>	<u>7028.76</u>
Notes on Accounts	16		

This is the Balance Sheet referred to in our report of even date

Schedules 1 to 10 and 16 form part of this Balance Sheet

For and on behalf of the Board

For B.B. NAIDU & CO
Regn. No.002291S
Chartered Accountants
A. SEKAR
Partner
 Membership No.18784
 Place : Chennai
 Date : 24.08.2010

PRADIP D.KOTHARI
Chairman &
Managing Director

K. SANTHANAM
Director



KOTHARI INDUSTRIAL CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Rupees in Lacs

	SCHEDULE	2009/10		2008/09
INCOME				
Sale of Fertilisers		5214.00	2450.57	
Fertiliser Subsidy		124.84	-	
Profit on sale of Fixed Assets		-	191.39	
other Income	11	286.26	330.10	
		<u>5625.10</u>	<u>330.10</u>	2972.06
EXPENDITURE				
Purchase of finished goods		2495.51	214.12	
Manufacturing and other expenses	12	3211.55	2165.09	
Increase/(Decrease) in closing stock of finished goods and Work-in-process	13	(456.05)	(9.09)	
Salaries, Wages and other Employee Benefits	14	359.81	163.45	
		<u>5610.82</u>	<u>163.45</u>	2533.57
Profit/(Loss) before Interest and Depreciation		14.28		438.49
Interest & Finance Charges		67.87		5.06
		(53.59)		433.43
Exceptional Items	15	(39.97)		(81.21)
Profit/(Loss) before Depreciation		(93.56)		352.22
Depreciation		255.70	144.38	
Less: Withdrawn from Fixed Assets				
Revaluation Reserve		239.78	129.67	14.71
Profit / (Loss) before taxation		(109.48)		337.51
Taxation:				
i) Income Tax		-	-	
ii) Deferred Tax		211.74	774.43	
iii) Fringe Benefit Tax		-	3.43	
		<u>211.74</u>	<u>777.86</u>	
Loss		(321.22)		(440.35)
Deferred Tax Credit relating to earlier years		--		1764.20
Profit / (Loss) for the year		(321.22)		1323.85
Balance of Loss brought forward		(3152.94)		(4476.79)
Loss carried to Balance Sheet		<u>(3474.16)</u>		<u>(3152.94)</u>
Earning per share (Annualised) in Rs.		(2.42)		3.13

Notes on Accounts 16

Schedules 11 to 15 and 16 form part of this Profit and Loss Account
This is the Profit and Loss account referred to in our report of even date

For and on behalf of the Board

For B.B. NAIDU & CO

Regn. No.002291S

Chartered Accountants

A. SEKAR

Partner

Membership No.18784

Place : Chennai

Date : 24.08.2010

PRADIP D.KOTHARI
Chairman &
Managing Director

K. SANTHANAM
Director

Kothari Industrial Corporation Limited

Schedules to Accounts

Rupees in lacs

SCHEDULE 1

As at 31.3.2010

As at 31.3.2009

SHARE CAPITAL

Authorised

2,50,00,000 Equity Shares of Rs.10 each 2500.00 2500.00

Issued

1,58,99,052 Equity Shares of Rs.10
(1,58,99,052) each 1589.91 1589.91

Subscribed

1,56,19,052 Equity Shares of Rs.10/= each 1561.91 1561.91

Paid-up

1,24,83,885 Equity Shares of Rs.10
(1,24,83,885) each 1248.39 1248.39

Less: Calls-in-arrears

due by persons other than Directors 0.57 0.57
1247.82 1247.82

31,35,167 Equity Shares of Rs.10
(31,35,167) each - Rs.2.50 per share paid-up
[Note 2 (v),(vi) & (vii)] 78.38 78.38

1326.20 1326.20

SCHEDULE 2

RESERVES AND SURPLUS

RESERVES

Capital Reserve : 65.85 65.85

Capital Redemption Reserve 18.00 18.00

Share Premium Account 1290.06 1290.06

Fixed Assets Revaluation

Balance as on 1.4.2009 1265.53 1516.13

LESS: Utilised during the year 239.78 129.67

LESS: Withdrawn on Sale/transfer -- 120.93

1025.75 1265.53

2399.66 2639.44



Rupees in lacs

As at 31.3.2010

As at 31.3.2009

SCHEDULE 3

SECURED LOANS

FROM BANKS

Term loans	2166.54	1461.53
Other Loans	907.77	991.67
	<u>3074.31</u>	<u>2453.20</u>

SCHEDULE 4

UNSECURED LOANS

Deposit towards Preferential Allotment of share (See Note 5)	275.35	--
Others	70.29	609.92
	<u>345.64</u>	<u>609.92</u>

Kothari Industrial Corporation Limited

SCHEDULE 5			Fixed Assets			Rupees In Lacs		
Gross Block			Depreciation			Net Block		
To	Additions	Total	Upto	For the	Total	As at	As at	
31.3.2009	(Deletions)	upto	31.3.2009	year	Upto	31st Mar.	31st Mar.	
Cost/ Revaluation		31.3.2010		(Deduct- ions)	31.3.2010	2010	2009	
<u>Tangible Assets</u>								
Land	4.37	4.19 —	8.56	-	-	-	8.56	4.37
Buildings	3431.43	33.02 —	3464.45	1027.60	241.21	1268.80	2195.65	2403.83
Plant and Machinery	604.56	68.37 —	672.93	564.52	9.38	573.90	99.03	40.04
Furniture & Fittings	90.78	3.00 —	93.78	85.64	0.89	86.52	7.26	5.14
Vehicles	70.63	15.64 —	86.27	59.49	4.23	63.72	22.55	11.14
	4201.77	124.22	4325.99	1737.25	255.70	1992.94	2333.04	2464.52

**SCHEDULE 6**

Rupees in lacs

INVESTMENTS (AT COST)	No. of Shares/ Face Value	Nominal Value per Share	As at 31.3.2010	As at 31.3.2009
INVESTMENTS (AT COST) - UNQUOTED			Rs.	Rs.
Non-Trade In Government Securities				
National Savings Certificates	Rs. 9000		0.08	0.09
Kissan Vikas Patras	Rs. 500		--	0.01
OTHERS				
Mittal Court Co-operative Society	Rs. 250		0.01	0.01
			<u>0.09</u>	<u>0.11</u>

Kothari Industrial Corporation Limited

	Rupees in lacs	
SCHEDULE 7	As at 31.3.2010	As at 31.3.2009
CURRENT ASSETS		
Inventories		
Stores and Spares	7.76	7.76
Packing Materials	15.95	17.81
Raw materials	323.61	69.76
Finished goods	468.69	12.64
Stock-in-Trade (Land)	<u>160.26</u>	<u>160.26</u>
	976.27	268.23
Sundry Debtors		
Outstanding for a period exceeding six months		
Unsecured Considered good	21.30	43.87
Unsecured Considered doubtful	17.78	34.62
Others (Outstanding for a period less than six months)		
Unsecured and considered good	<u>639.82</u>	<u>170.24</u>
	678.90	248.73
Less: provision for doubtful debts	<u>17.78</u>	<u>34.62</u>
	661.12	214.11
Cash and Bank Balances		
Cash on hand	7.82	12.00
Balances with scheduled banks		
In Current accounts	311.30	75.04
In Deposit accounts	8.61	6.44
Remittance in Transit	<u>--</u>	<u>12.25</u>
	<u>327.73</u>	<u>105.73</u>
	<u>1965.11</u>	<u>588.07</u>
SCHEDULE 8		
LOANS AND ADVANCES		
Unsecured and considered good (recoverable in cash or in kind or for value to be received)	774.01	599.26
	<u>774.01</u>	<u>599.26</u>



SCHEDULE 9

Rupees in lacs

CURRENT LIABILITIES AND PROVISIONS **As at 31.3.2010** **As at 31.3.2009**

A. Current Liabilities

Sundry creditors	1487.02	101.68
Unclaimed dividends	6.98	6.98
Other liabilities	703.31	624.48
Interest accrued but not due on loans	<u> --</u>	<u> 27.24</u>
	2197.31	760.38

B. Provisions

Taxation	5.53	5.53
Gratuity	21.15	-
	<u> 26.68</u>	<u> 5.53</u>
	2223.99	765.91

SCHEDULE 10

PROFIT AND LOSS ACCOUNT

Balance as on 1.4.2009	(3152.94)	(4476.79)	
Profit / (loss) for the year	<u>(321.22)</u>	<u>1323.85</u>	
		(3474.16)	(3152.94)
		<u>(3474.16)</u>	<u>(3152.94)</u>

Kothari Industrial Corporation Limited

Rupees in lacs

SCHEDULE 11	2009 - 10	2008 - 09
OTHER INCOME		
Rent	181.72	202.50
Interest	5.82	4.76
Dividend	0.03	0.03
Royalty/Management fees	39.86	92.78
Miscellaneous income	55.57	30.03
Foreign Exchange gain	3.27	--
	<u>286.26</u>	<u>330.10</u>
SCHEDULE 12		
MANUFACTURING AND OTHER EXPENSES		
Raw materials consumed		
Opening Stock	69.76	44.94
Add: Purchases	2411.96	1626.51
	<u>2481.72</u>	<u>1671.45</u>
Less: Closing Stock	<u>323.61</u>	<u>69.76</u>
	2158.11	1601.69
Stores and packing materials consumed	112.71	99.33
Power and fuel	19.84	--
Repairs and maintenance		
Plant and Machinery	5.61	1.58
-Buildings and others	28.47	58.92
Other manufacturing expenses	261.05	25.54
Rent	29.69	13.68
Rates and taxes	8.67	7.29
Insurance	8.38	2.17
Professional / Legal Charges	72.30	24.93
Selling expenses	339.62	166.21
Commission on sales	(0.93)	19.83
Other Expenses	161.31	133.74
Directors' sitting fees	2.10	1.70
Auditors' remuneration	4.61	4.61
Loss on sale of Asset	--	3.87
	<u>1053.45</u>	<u>563.40</u>
	3211.55	<u>2165.09</u>



Rupees in lacs

SCHEDULE 13

(Increase)/Decrease in Closing
Stock of finished goods and
Work-in-process

	2009-10	2008-09
Opening Stock		
Finished goods	12.64	3.55
Land converted into Stock-in-trade on 1st April 2007	160.26	182.14
Add: Buildings Converted into Stock-in-Trade		5.15
Less: Transferred on sale of land	--	27.03
Less: Closing Stock	<u>172.90</u>	<u>163.81</u>
Finished goods	468.69	12.64
Land held as stock-in-Trade	<u>160.26</u>	<u>160.26</u>
	<u>628.95</u>	<u>172.90</u>
	<u>(456.05)</u>	<u>(9.09)</u>

SCHEDULE 14

SALARIES, WAGES AND OTHER

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	281.33	137.16
Contribution to Provident and other Funds	52.88	15.76
Welfare expenses	25.60	10.53
	<u>359.81</u>	<u>163.45</u>

SCHEDULE 15

EXCEPTIONAL ITEMS

Impairment in value of Assets	-	(8.83)
Value of damaged stores stock written off	-	(30.49)
One time settlement of Bank / Financial institution on one time settlement	(126.13)	(73.13)
Debit / Credit of Earlier Years	86.16	-
Excess Prov. of earlier years written back		<u>31.24</u>
	<u>(39.97)</u>	<u>(81.21)</u>

Kothari Industrial Corporation Limited

Schedule 16 NOTES ON ACCOUNTS

I. ACCOUNTING POLICIES

The financial statements are prepared on accrual basis of accounting and in accordance with the applicable Accounting Standards.

(i) REVENUE RECOGNITION

Revenue is recognized on accrual basis and is inclusive of excise duty wherever applicable.

(ii) FOREIGN CURRENCY TRANSACTIONS

Foreign Currency transactions are recorded at the rates prevailing on the date of the transactions. Exchange differences arising on settlement are recognized in the Profit & Loss account.

(iii) EMPLOYEE BENEFITS

Short term employee benefits are estimated and provided for. Further Company's contribution to Provident Fund, Employees State Insurance and other funds are determined under the relevant schemes and/or statute are charged to revenue. Gratuity and Leave encashment are based on reasonable estimates based on past trend of employee retrenchment/attrition.

(iv) FIXED ASSETS

Fixed Assets are valued at cost. Most of the fixed assets were revalued to reflect the true value of such assets and the incremental appreciation on account of such revaluation was credited to Fixed Assets Revaluation Reserve in earlier years.

(v) DEPRECIATION

Depreciation is provided on Written Down value method on all assets at the appropriate rates in accordance with Schedule XIV to the Companies Act, 1956. The incremental differential depreciation on account of revaluation of certain depreciable assets is charged against Fixed Assets Revaluation Reserve account.

(vi) BORROWING COST

Interest cost on qualifying asset being an asset necessarily takes a substantial period of time to get ready for its intended use or sale, is capitalized at the weighted average rate of the funds borrowed and utilized for acquisition of such assets.

(vii) IMPAIRMENT OF ASSETS

The carrying cost of assets are reviewed at each Balance Sheet date and if there is any indication of impairment based on internal/external factors, the same is recognized and provided for.

(viii) INVESTMENTS

Investments meant to be held for long term are carried at cost.

(ix) INVENTORIES

Fertilizer mixtures are valued at lower of cost and net realizable value following first in first out method.

Raw materials, Stores and Spare parts are valued at weighted-average cost and are inclusive of excise duty and other taxes wherever applicable.



II. NOTES ON ACCOUNTS

1. The Company presently is facing certain difficulty in servicing debt and repayment on time of loans, due to insufficient cash flow from operations. The Company has business plans to utilize the full capacity of super phosphate factory which would significantly improve profitability besides optimum utilization of additional land available at Ennore for certain specified diversified business activity which would ensure additional cash inflows. Further the Company is contemplating to dispose off certain small parcels of land not useful to the Company to settle certain creditors. In view of the foregoing the "Going Concern" aspect of the Company would never get jeopardised.

2. The Company continues its activities of fertilizer mixing and trading in pesticides besides receiving the rental income.

The super phosphate factory at Ennore has restarted after the closure of more than eight years. Considerable expenses had to be incurred to bring the plant back to production capability as well as the factory building and other infrastructure having had been in a stage of neglect. The Board after careful consideration decided appropriately to capitalize the one time restart expenses which include total overhauling of the machinery, motors besides adding peripheral equipments.

The start up expenses including production stabilization being exceptional in nature have been grouped under Deferred Revenue Expenditure which being intangible are being amortised over the next two years during which period the benefit would accrue to the Company.

The Company settled its dues to a bank which involved payment of arrears of finance charges which has been shown as an exceptional item.

3. SHARE CAPITAL

Out of the Paid-up Capital

- (i) 22,25,850 Equity Shares of Rs.10/- each were allotted as fully paid on amalgamation in February 1972 for consideration other than cash.
- (ii) 8,29,760 Equity Shares of Rs.10/- each fully paid were allotted for consideration other than cash to certain financial institutions on conversion of part of secured loans, in the year 1981.
- (iii) 20,00,000 Equity Shares of Rs.10/- each fully paid were allotted for consideration other than cash on 01.10.1983 as per the terms of issue to the holders of 13.5% Convertible Secured Debentures issued to the Public.
- (iv) 45,68,200 Equity Shares of Rs.10/- each were allotted on 25.08.93 as fully paid on part conversion of 16% Secured Partly convertible Redeemable Debentures allotted on 25.02.93.
- (v) 24,74,569 Equity Shares of Rs.10/- each were allotted on 16.05.95 to the Promoters group of which Rs.2.50 per share being the amount payable on application and allotment amount to Rs.61.86 lakhs was paid up. The resolution passed by the shareholders authorizing the issue of above shares has been set aside by the City Civil Court on 14.12.2000 and upon compliance of the necessary formalities including an order from the High Court, if so required, appropriate adjustments would be made in the accounts.
- (vi) 6,60,598 Equity Shares of Rs.10/- each were allotted on 20.06.95 to a Overseas Bodies Corporate of which Rs.2.50 per share being amount payable on application and allotment amounting to Rs.16.52 lakhs was paid up. The resolution passed by the shareholders authorizing the issue of above shares has been set aside by the City Civil Court on 14.12.2000 and upon compliance of the necessary formalities, including an order from the High Court, if so required, appropriate adjustments would be made in the accounts.

Kothari Industrial Corporation Limited

- (vii) The consent terms filed on 05.03.2000 with the Supreme Court and decreed by the said Court in the matter of share allotment and sale of 5.33 grounds of land effects of the decree has not been considered in the books of accounts of the company, since the consent decree terms are yet to be implemented. A suit has since been filed in Madras High Court for implementation of the scheme.
- (viii) An Extra-Ordinary General Meeting (EGM) of the shareholders of the Company was held on 12th February, 2009 wherein the shareholders have approved the proposal for reduction of Face Value of the Equity Shares from Rs.10/- each to Rs.5/- per Equity Share along with the proposal for proportionate reduction of premium on such Equity Shares.

This proposal for Reduction of Capital is subject to approval of the Hon'ble High Court of Judicature at Madras and the Company has already filed necessary application with the said Hon'ble High Court in this regard.

The management is authorized by the shareholders to issue of Equity Shares on preferential basis to promoters / promoters' group / associates and others immediately after the approval for Reduction of Capital has been obtained from the Hon'ble High Court of Judicature at Madras and on completion of necessary formalities with respect to the Stock Exchanges.

4. SECURED LOANS

Loans and advances from banks are secured on immovable properties and current assets of the Company and guaranteed in certain cases by the promoter. The Company has already negotiated with four of its banks and arrived at One Time Settlement(OTS) on the loans payable to them. With the funds made available by the funder, the Company has settled in full the OTS amounts. The dues on account of a bank, one of the bankers, have been allegedly assigned to Kotak Mahindra Bank Ltd. who has not substituted themselves in the place of the Bank before the Debt Recovery Tribunal(DRT). The Company has obtained an interim stay from the Hon'ble High Court of Judicature at Madras restraining Kotak Mahindra Bank Ltd. from dealing with any of the properties of the Company. Secured loans from a company & an individual respectively are secured by equitable charge on certain properties of the Company.

5. UNSECURED LOANS

Pursuant to the approval of the shareholders at the last Annual General Meeting for the issue of shares on preferential basis after the Court's sanction for the reduction in the face value of equity shares, promoters and few of his business associates have placed share monies as deposits aggregating to Rs.275.35 lakhs.



6. CONTINGENT LIABILITIES

	Rs.in lakhs 31.03.2010	Rs. in lakhs 31.03.2009
(i) Outstanding guarantees	7.00	7.00
(ii) Disputed sales tax demands under appeal including stay of recovery granted for Rs.854.65 lakhs (Rs.20.50 lakhs paid under protest included under advances) (Based on another Supreme Court order and legal Opinion such demands may not be sustainable)	876.89	876.89
(iii) Claims against the Company not acknowledged as debt (exclusive of interest)	145.00	145.00
(iv) Differential Customs Duty on Import machinery Availed under export obligation scheme	84.07	84.07
(v) Debonding charges on imported machinery is under representation and presently not quantifiable	-	-
(vi) Interest if any payable on Mortgage Loan of lakhs is under negotiation along with other connected issues and the rate of interest and quantum thereof, if any, and is presently under negotiation and pending resolution the liability has not recognized in the accounts	450.00	
7. The issue of transfer of unclaimed/unencashed dividends of Rs.6.98 lakhs upto 1981-82 to Government is pending before the High Court of Judicature at Madras.		
8. Fixed Assets		
(i) Land and buildings at Fertilizer Division were revalued in the years 1989, 1992 and again on 1 st April 1995.		
(ii) Part of the "Kothari Building" belonging to the Company was revalued at the fair market value on 31 st March 2002 by an approved valuer.		
(iii) The appreciation in the value of the above fixed assets has been credited to Fixed Asset Revaluation Reserve.		
9. The Company's liability towards Gratuity to employees has been provided on reasonable estimates but not on actuarial basis. The Company has taken steps to determine the liability in accordance with the Accounting Standard No.15 on "Retirement Benefits" and adjust the provision accordingly; however, in the opinion of the management the incremental adjustment would not be material.		

Kothari Industrial Corporation Limited

10. Auditors' Remuneration:

	<u>Rupees in lakhs</u>	
	<u>2009-10</u>	<u>2008-09</u>
Fees	2.25	2.68
For Tax Audit	1.25	1.25
For Certification	1.11	0.68
Total	<u>4.61</u>	<u>4.61</u>

11. Related Parties Disclosure:

(a) Name of Key Management Personnel:

Mr. Pradip D. Kothari - Chairman and Managing Director

No remuneration was paid to the Managing Director during the year.

(b) Name of transacting related party & description of the relationship between the parties:

Associate Companies / Firms

Kothari (Madras) International Limited

(c) Particulars of transactions

<u>Sl.No.</u>	<u>Nature of transaction</u>	<u>Amount</u>
		(Rs. in lakhs)
1	Royalty	39.86
2	Rent	12.00
3	Purchase of Raw Materials	754.36

Amount of Rs.224.43 lakhs is outstanding as on 31st March, 2010 to the associate company.

12. Earnings / (Loss) Per Share – Calculation of weighted average number of Equity Shares of Rs.10/- each:

	<u>2009-10</u>	<u>2008-09</u>
Number of shares of Rs.10/- each	12483885	12483885
No. of shares of Rs.10/- each Partly Paid Rs.2.50 per share (considered 1/4 th numbers)	783792	783792
Basic & Diluted Earnings / (Loss) (in Rupees) Per Share (annualized)	(2.42)	3.13

13. As per the records and information available with the company there are no amounts outstanding as on 31st March, 2010 payable to:

- (i) Small Scale Industries
- (ii) Micro, Small and Medium Enterprises

14. The Company is contesting a winding up application before the Hon'ble High Court of Judicature at Chennai. The Company is reasonably confident, based on senior counsel's opinion, that the petition would be ultimately disposed off in favour of the Company and no liability would devolve upon the Company.

15. The figures in brackets relate to previous year and regrouped wherever necessary.

**INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956
NOTE: 16(i) APRIL 2009 TO MARCH 2010**

PRODUCT	UNIT OF MEASURE	LICENCED CAPACITY	INSTALLED CAPACITY	RUPEES IN LACS								
				OPENING STOCK : QTY	OPENING STOCK : VALUE	PRODUCTION / PURCHASES	CLOSING STOCK : QTY	CLOSING STOCK : VALUE	TURNOVER : QTY	TURNOVER : VALUE		
1. FERTILISERS												
<u>A:OWN MANUFACTURE</u>												
SUPERPHOSPHATE	TONNES	66000 (66000)	82000 (82000)			11370.000	5128.250	287.166	6241.750	230.920		
				CY								
				PY								
MIXTURES	TONNES			212.100 (58.000)	12.640 (3.550)	36066.620 (28805.100)	100.635 (212.100)	5.434 (12.640)	36178.085 (28668.464)	2300.130 (1967.560)		
<u>B:TRADING</u>												
SUPERPHOSPHATE	TONNES			32.095 (25.000)	2.040 (0.810)	1040.880 (600.000)	0.080 (32.095)	0.037 (2.040)	10.100 (12.000)	0.435 (0.410)		
				CY								
				PY								
ROCK PHOSPHATE	TONNES			88.029 (86.000)	3.430 (3.180)	301.688 (3111.900)	23.866 (88.029)	0.535 (3.430)	2.869 (1687.550)	0.305 (66.400)		
				CY								
				PY								
UREA	TONNES			133.254 (327.000)	6.220 (15.560)	12383.280 (9091.264)	190.423 (133.254)	7.112 (6.220)	1878.760 (267.200)	74.960 (12.540)		
				CY								
				PY								
MURIATE OF POTASH	TONNES			404.339 (239.000)	17.280 (9.910)	9955.547 (6846.050)	760.203 (404.339)	33.382 (17.280)	1895.404 (728.800)	82.170 (31.440)		
				CY								
				PY								
MICRO NUTRIENTS, PESTICIDES, BIO PRODUCTS AND OTHERS				1009.867 (453.000)	40.790 (15.490)	947392.762 (16727.015)	119170.115 (1009.867)	135.021 (40.790)	935362.028 (3669.804)	2525.084 (321.910)		
				CY								
				PY								



Kothari Industrial Corporation Limited

16 (ii) RAW MATERIALS CONSUMPTION:(2009/10)

	UNIT OF MEASURE	QUANTITY	VALUE RS.LACS
<u>FERTILISERS</u>			
ROCK PHOSPHATE	TONNES	6662 (1421)	234.14 (55.39)
SULPHURIC ACID	TONNES	3979 (0)	84.64 (0.00)
MURIATE OF POTASH	TONNES	7704 (5940)	400.43 (252.03)
UREA	TONNES	10447 (8985)	491.79 (421.85)
DOLOMITE	TONNES	8178 (7072)	50.92 (15.84)
DAP	TONNES	5040 (4043)	468.28 (374.14)
OTHERS	TONNES	4333 (1344)	175.06 (76.72)

16 (III) VALUE OF RAW MATERIALS AND SPARE PARTS CONSUMED

	IMPORTED	INDIGENOUS	PERCENTAGE	
	VALUE	VALUE	IMPORTED	INDIGENOUS
	RS. IN LACS			
RAW MATERIALS				
ROCK PHOSPHATE	214.49 0	19.65 (55.39)	92% 0	8% (100%)



81081	83181	8885	482	-	21888A DEXIF FO ETAS NO LIFORP
	300		300	300	SDINEDIMD
	014		582	582	218ECER 128RELINI
					WOLFNI

34824 (8885 808841 SINI8MORP DIA8EILIBAI LNERRUC

34824 (	34824 (	8885	85851	808841	8088534 (
14213 (	2508 (			1088534 (	214211 (
	33804 (			10144 (	214211 (
	1811			10802 (	214211 (

SEILIBAI LNERRUC21888A LNERRUC NIE8VBR8I :22E

40821	81081	14801	482	300	SDINEDIMD
				582	218ECER 128RELINI
				-	21888A DEXIF FO ETAS NO LIFORP
					:22E

33523	1141	8230 (	5021	84801 (	RAEY EHL ROE NOL1AICE8PE8
					:DDA

SEILIBAI 21888A DEXIF FO ETAS NO LIFORP

808841	808805 ROE	808841	808805 ROE	808841	808805 ROE

LNERMETAT2S WOLF H2AC

Kothari Industrial Corporation Limited

	Rs. LACS	Rs. LACS
OUTFLOW		
NETT INCREASE IN FIXED ASSETS	124.22	(17.66)
DEFERRED REVENUE EXPENSES	45.33	0.00
	169.55	(17.66)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(163.71)	(213.84)
CASH FLOW FROM FINANCING ACTIVITIES		
RESERVES	0.00	0.00
LOAN FUNDS	356.83	(97.33)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	356.83	(97.33)
NETT INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	222.00	(42.92)
CASH AND CASH EQUIVALENT OPENING BALANCE	105.73	148.65
CASH AND CASH EQUIVALENT CLOSING BALANCE	327.73	105.73
	222.00	(42.92)

Place : Chennai
Date : 24.08.2010

For and on behalf of the Board

PRADIP D.KOTHARI K. SANTHANAM
Chairman & Director
Managing Director

Kothari Industrial Corporation Limited
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956

I Registration Details

Registration No. State Code :

Balance Sheet Date
 Date Month Year

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Sources of Funds :	Total Liabilities <input type="text" value="936979"/>	Total Assets <input type="text" value="936979"/>
	Paid up Capital <input type="text" value="132620"/>	Reserves & Surplus <input type="text" value="239966"/>
Application of Funds :	Secured Loans <input type="text" value="307431"/>	Unsecured Loans <input type="text" value="34564"/>
	Net Fixed Assets <input type="text" value="233304"/>	Investments/Deferred Tax Asset <input type="text" value="77803"/>
	Net Current Assets <input type="text" value="51514"/>	Misc. Expenditure <input type="text" value="4533"/>
	Accumulated Losses <input type="text" value="347416"/>	

IV Performance of the Company (Amount in Rs. Thousands)

	Turnover <input type="text" value="562510"/>	Total Expenditure (Net) <input type="text" value="594632"/>
+ -	Profit/Loss before tax <input type="text" value="32122"/>	Profit/Loss after tax <input type="text" value="32122"/>
	Earnings per share in Rs. <input type="text" value="2.42"/>	

V Generic Name of One Principal Product / Services of the Company (as per monetary terms)

Item Code No :
 (ITC Code)
 Product Description :

As per our report annexed

For B.B. NAIDU & CO
Regn. No.002291S
Chartered Accountants
A. SEKAR
Partner
 Membership No.18784
 Place : Chennai
 Date : 24.08.2010

For and on behalf of the Board

PRADIP D.KOTHARI
Chairman &
Managing Director

K. SANTHANAM
Director

BOOK-POST



If undelivered please return to:

KOTHARI INDUSTRIAL CORPORATION LIMITED

Regd. Office: 'Kothari Buildings' Box No. 3332,
Mahatma Gandhi Salai,
Nungambakkam, Chennai - 600 034.