

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Mr. Pradip D. Kothari
Chairman & Managing Director

Mr. K. Santhanam
Mr. Chetan Vijay Pagariya
Dr. Easo John
Mrs. Surekha P Kothari

COMPANY SECRETARY

Mr. G. Mohan Das

AUDITORS

M/s. B.B. NAIDU & CO
Chartered Accountants
MC Park way
122/36, Marshalls Road,
(Rukmani Lakshmi pathy Salai)
Opp: Rajarathinam Stadium,
Egmore,
Chennai - 600 008.

REGISTERED OFFICE:

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

FACTORY:

Super Phosphate Factory,
Ennore,
Chennai - 600 057.

SHARE TRANSFER AGENT:

M/s. Integrated Enterprises(I) Ltd.,
II Floor, "Kences Towers",
1, Ramakrishna Street,
off North Usman Road, T.Nagar,
Chennai 600 017



KOTHARI INDUSTRIAL CORPORATION LIMITED

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

NOTICE TO MEMBERS

NOTICE is hereby given that the 42nd Annual General Meeting of the Company will be held at 10.15 A.M. on Wednesday the 26th September 2012 at Rani Seethai Hall, 603, Anna Salai, Chennai – 600006, to transact the following business:

ORDINARY BUSINESS

1. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Auditors' Report and the Directors' Report be and are hereby adopted."

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr.K.Santhanam 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 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."

4. 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."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs.Surekha P Kothari be and is hereby appointed as a Director of the Company, liable to retire by rotation."

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai

Date : 29.05.2012

**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 Monday the 3rd September 2012 to Tuesday the 4th September 2012(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.

Kothari Industrial Corporation Limited

(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. Green initiative in corporate governance

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to

register their e-mail address with the Company and changes therein from time to time.

The Company would send notices / documents such as Annual Reports and notices by e-mail to its shareholders registering their e-mail address. To support this laudable move of the Government, the Members are requested to register their e-mail address at the earliest, in respect of demat holding through the respective Depository Participant(DP) and in respect of physical holding through the Registrars and Transfer Agents M/s.Integrated Enterprises(I) Ltd (or) directly to the Company.

6. Members/Proxies should bring Attendance Slip(duly completed) for attending the meeting as well as copy of the Annual Report.

ANNEXURE TO THE NOTICE

Particulars of the Directors seeking Reappointment in the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of the Director	Mr.K.Santhanam
Date of Appointment	06.07.2005
Qualifications	M.Com.
Expertise	Marketing
Directorships in other companies	Nil
Committee Membership	Chairman Audit Committee
Shareholding in Kothari Industrial Corporation Limited	Nil

Name of the Director	Mr.Chetan Vijay Pagariya
Date of Appointment	20.08.2008
Qualifications	B.Com., PGDC&A, ACA.
Expertise	Project, Financing & Taxation
Directorships in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	Nil

Explanatory Statement pursuant to the provisions of Sec.173(2) of the Companies Act, 1956:

SPECIAL BUSINESS

In respect of Item No.5:

Mrs.Surekha P Kothari was appointed as an Additional Director of the Company with effect from 19.09.2011, Pursuant to Sec.260 of the Companies Act, 1956, Mrs.Surekha P Kothari holds office upto the date of the forthcoming Annual General Meeting. A notice under Sec.257 of the Companies Act, 1956 has been received from a Member, informing his intention to propose the appointment of Mrs.Surekha P Kothari as a Director of the Company. The Board of Directors recommend her appointment.

No other Director excepting Mr.Pradip D Kothari is interested in the resolution.

Brief particulars of Mrs.Surekha P Kothari is furnished below:

Name of the Director	Mrs.Surekha P Kothari
Date of Appointment	19.09.2011
Qualifications	M.A.
Directorships in other companies	Nil
Membership / Chairman in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	111323

Kothari Industrial Corporation Limited

REPORT OF THE DIRECTORS

Your Directors present herewith the Forty Second 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, 2012.

The Financial Results are as follows:

	2011 - 12	2010 - 11
	(Rs.in Lacs)	
Turnover/Income from Services	<u>11329.85</u>	<u>10775.89</u>
Profit before Interest and Depreciation	430.96	926.18
Interest and Finance Charges	292.76	180.77
Profit before Depreciation	138.20	745.41
Exceptional items	(51.33)	(1025.56)
Profit/(Loss) before Depreciation	86.87	(351.97)
Depreciation	(39.19)	(35.93)
Taxation	-	-
Profit/(Loss) for the year	47.68	(316.04)
Balance Loss brought forward from the previous year	(2301.48)	(3474.16)
Reduction of Share Capital & Premium thereon	-	1488.72
Loss carried to Balance Sheet	(2253.80)	(2301.48)

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31st March, 2012.

OPERATIONS:

The Turnover of Single Super Phosphate, NPK mixtures, Straight fertilizers and trading in pesticides was Rs.11162.32 Lakhs as compared to Rs.9590.62 Lakhs in the previous year. The Company produced 49040 MT of Single Super Phosphate during the year under review.

FUTURE PROSPECTS:

The Company has signed a contract with a large manufacturer of Agro Chemicals for marketing a range of herbicides, insecticides and fungicides under specific brand names and by leveraging the "Kotharis" and "Horse Brand" and augmenting the revenue stream.

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 and 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.K.Santhanam & Mr.Chetan Vijay Pagariya, Directors retires by rotation and are eligible for reappointment. Mrs.Surekha P Kothari was co-opted as an Additional Director with effect from 19.09.2011 and she retires at the ensuing Annual General Meeting. It is proposed to appoint her as a Director at the ensuing Annual General Meeting.

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

a) 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;

b) 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 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.

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.2.16 lakhs towards upgradation of in-house Research & Development wing at its Super Phosphate factory.

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: 29.05.2012

Pradip D. Kothari
Chairman &
Managing Director

Kothari Industrial Corporation Limited

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 2011-12
(1) Electricity	
a. Purchased power	
Units	926352
Variable cost (Rs.in lakhs)	-
Total cost (Rs. in lakhs)	57.30
Rate/Unit (Rs.)	4.00
Unit charges (Rs./Unit)	4.00
Demand charges (Rs. / KVA)	300.00
b. Own generation	-
(2) Coal	-
(3) Furnace oil/LSHS	-
(4) Diesel (in Litres)	2536
(5) Windfarm	-
B. Consumption per unit (MT) of production	
Product	Single Super Phosphate
Production	49040 MT
Electricity consumed	926352 units
Consumption Per unit (MT) of production	Rs.116.83

FORM – B

Form of disclosure of particulars with respect to absorption	:	-
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FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign Exchange earned	:	Nil
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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 continue to deliver fertilizers for increased output of the agricultural sector.

Our Company's products being branded ones enjoy a market especially in the southern states of India. The Company recorded a turn over of Rs.11329.85 lakhs against the previous year turn over of Rs.10777.03 lakhs, thereby registering a growth of 5.13% during the year under review.

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 reviewed by the Audit Committee.

OUTLOOK

All India capacity utilization of SSP has improved from 54% during the year 2010-11 to 60% during the year 2011-12. Your company achieved a capacity utilization of 61% in keeping with the trend in the industry. The share of SSP in total production of SSP and its consumption had been coming down in the last 5 decades, but has now started going up due to changes in Government Policy. However, compared to other countries like China, Brazil and Egypt, India consumes only 5.8% of its phosphate through SSP, leaving a great scope for improvement in the years to come.

Your company proposes to have a further product enhancement by setting up a granulation unit in its factory premises at Ennore and this will go on stream once the financial closure takes place.

However off-take of NPK Mixtures is expected to improve along with SSP, as these 2 products will continue to be the cheapest fertilizer among the farming community.

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.

3. Board of Directors:

The Board of Directors consists of Chairman & Managing Director, one Executive 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. Brief profile of the Directors being reappointed/appointed is already appended to the Notice convening the Annual General Meeting.

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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/she is a Director. All the Directors have certified that none of them are disqualified as on

31st March 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of 274 of the Companies Act, 1956.

The executive and non executive Directors are entitled to sitting fees for every meeting of the Board attended by them. The Chairman & Managing Director does not received any remuneration.

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2012 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 31.03.2012
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	1366288
Shri.K.Santhanam Director	Nil	Nil	Nil
Shri.Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr.Easo John Director	Nil	Nil	Nil
Mrs. Surekha P Kothari Director	Nil	Nil	111323

4. Audit Committee:

The Audit Committee presently consists of three non-executive Independent Directors i.e., Mr.K.Santhanam, Mr.Chetan Vijay Pagariya and Dr.Easo John. 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. 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 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.

4 Audit Committee Meetings were held during the year on 27.05.2011, 12.08.2011, 10.11.2011 & 14.02.2012.

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.

9 Share Transfer Committee Meetings were held during the year on 11.04.2011, 09.06.2011, 04.07.2011, 05.08.2011, 28.08.2011, 13.10.2011, 24.11.2011, 09.01.2012 & 29.02.2012.

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 32 complaints were received from the investors and all of them were dealt with satisfactorily.

4 Shareholders' Grievance Committee Meetings were held on 30.06.2011, 30.09.2011, 02.01.2012 & 31.03.2012.

7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31st March, 2012 are given below:

Name of the Director	Board Meetings	Audit Committee Meetings	Share Transfer Committee Meetings	Shareholders' Grievance Committee Meetings	AGM held on 28 th September 2010	Directors Sitting Fees Rs.
Shri.Pradip D. Kothari Chairman and Managing Director	5	Nil	12	Nil	Attended	Nil
Shri.K.Santhanam Director	5	4	12	4	Attended	50000
Shri.Chetan Vijay Pagariya Director	4	3	Nil	4	Attended	40000
Dr.Easo John Director	4	3	Nil	Nil	Attended	40000
Mrs.Surekha P Kothari Director	2	Nil	Nil	Nil	Attended	20000

Note: 5 Board Meetings were held during the year on 27.05.2011, 12.08.2011, 21.09.2011, 10.11.2011 & 14.02.2012.

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.

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- 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 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 Forty-second Annual General Meeting of the Company will be held on 26th September, 2012 at Rani Seethai Hall, 603, Anna Salai, Chennai - 600006. 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
2008-09	14.12.2009 03.30 p.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	(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/- to Promoters, Promoter Group / associates.	Passed Passed
2009-10	28.09.2010 11.00 a.m	Narada Gana Sabha 314, T.T.K Road, Chennai - 600 018	Nil	-
2010-11	21.09.2011 10.15 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Nil	-

No resolution has been put through postal ballot.

No special resolution or ordinary resolution on matters requiring postal ballot are placed for approval of shareholders at the forthcoming 42nd AGM to be held on 26th September, 2012.

- (ii) **Book Closure dates:** Monday the 3rd September 2012 to Tuesday the 4th September 2012 (both days inclusive).
- (iii) **Listing of Equity Shares:** The Company had already made an application with Bombay Stock Exchange for re-listing of its shares and said application is being processed. The matter is actively followed up.

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, 2012:

Range	Shareholders		Shares	
	Number	%	Number	%
UPTO 100	42323	81.54	1919047	15.37
101 - 200	5666	10.92	913827	7.32
201 - 500	2816	5.43	928741	7.44
501 - 1000	711	1.37	529413	4.24
1001 – 5000	273	0.53	493419	3.95
5001 – 10000	28	0.05	193101	1.55
10001 AND ABOVE	90	0.17	7506337	60.13
	51907	100.00	12483885	100.00

13. Shareholding Pattern as on 31st March, 2012:

Sl. No.	Category	No. of holders	No. of shares	%
A	Promoters	68	2370603	18.99
B	Others			
1	Residents (individuals/clearing members)	51491	4968063	39.80
2	Financial Institutions/ Insurance Co./Banks/UTI	44	2788061	22.33
3	Foreign Institutional Investors	-	-	-
4	Bodies Corporate	277	1795855	14.39
5	Directors & Relatives	9	13247	0.10
6	Non Resident Indians	6	103890	0.83
7	Trusts	12	444166	3.56
	Total	51907	12483885	100.00

Kothari Industrial Corporation Limited

14. Dematerialization of shares:

As on 31st March 2012, 5293409 equity shares were held in dematerialized form representing about 42.40% of the total shares. The balance were held in physical form.

15. 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

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, 2012 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: 29.05.2012

Pradip D. Kothari
Chairman and Managing Director

Kothari Industrial Corporation Limited

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, 2012, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Chennai
Date: 29.05.2012

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, 2012, 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 : 29.05.2012

A.SEKAR
Partner
Membership No.18784

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, 2012, Statement of Profit and Loss 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 to the accounts mentioning the reasons by the management for presenting the accounts on principles applicable to a "Going Concern" and regarding note no.17 regarding non-provisioning of interest on mortgage loans payable to an institution and a lender which are presently not quantifiable since the matters are under negotiation / appeals.
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 the Statement of Profit and Loss 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, the Statement of Profit and Loss 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 3 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors are 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.
6. We report that the financial statements give a true and fair view on the following:
 - (i) the Balance Sheet gives the state of the company's affairs as at 31st March, 2012
 - (ii) the Statement of Profit & Loss gives the Profit for the year.
 - (iii) the Cash flow statement for the year ended 31st March, 2012, of the cash flows for the year ended on that date.

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

Place:Chennai
Date : 29.05.2012

A.SEKAR
Partner
Membership No.18784

Kothari Industrial Corporation Limited

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2012

- 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.

(c) During the year the Company has not disposed of any major part of its fixed assets affecting the going concern aspect of the Company.
- 2) (a) The inventories have been periodically physically verified during the year by the Management and 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 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 during the year from parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4) 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.
- 5) 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.
- 6) The Company has not accepted any deposits from the public during the year.
- 7) 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.
- 8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- 9) (a) According to the records of the Company, the company has not deposited with appropriate authorities undisputed statutory dues i.e., Income Tax (Tax Deducted at Source) and Provident Fund aggregating to Rs.84.60 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 31st March 2012 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, there are statutory dues which have not been deposited on account of disputes with statutory authorities, as 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
Remanded back to Assessing Authorities : 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

- 10) The Company has accumulated losses at the end of the financial year which are more than 50% of its net worth of the Company. The Company has not incurred cash loss during the current year but has incurred cash loss in the immediate preceding financial year.
- 11) 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.
- 12) The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 13) 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.

Kothari Industrial Corporation Limited

- 14) 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.
- 15) The company has not given guarantee for loans taken by others from banks and financial institutions during the year.
- 16) Accordingly to the information and explanations given to us, the Company has not taken any term loan 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. However, the Company has raised short term loans and utilized the same for repaying long term debts.
- 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

Place:Chennai
Date : 29.05.2012

A.SEKAR
Partner
Membership No.18784

**KOTHARI INDUSTRIAL CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Note No	Rupees in lacs	
		As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	624.19	623.62
Reserves and Surplus	3	1445.95	(982.09)
Money received against share warrants			
(2) Share application money pending allotment		336.35	78.38
(3) Non-Current Liabilities			
Long-term borrowings	4	2063.74	2034.21
Deferred tax liabilities (Net)			
Other Long term liabilities	5	54.56	35.59
Long-term provisions	6	134.29	75.33
(4) Current Liabilities			
Short-term borrowings	7	660.29	711.30
Trade payables		3010.38	1100.79
Other current liabilities	8	2185.96	1456.12
Total		<u>10515.71</u>	<u>5133.25</u>
II.ASSETS			
Non-current assets			
<i>Fixed assets</i>			
(i) Tangible assets	9	4999.68	2168.25
Non-current investments	10	5.29	0.09
Deferred tax assets (net)		778.03	778.03
Long term loans and advances	11	1337.41	623.47
Other non-current assets	12	4.94	8.95
(2) Current assets			
Inventories	13	2213.31	568.02
Trade receivables	14	605.93	512.53
Cash and cash equivalents	15	383.27	262.00
Short-term loans and advances	16	187.85	192.49
Other current assets	17	0.00	19.42
Total		<u>10515.71</u>	<u>5133.25</u>

For B.B.Naidu & Co.
Regn.No.002291S
Chartered Accountants

For and on behalf of the Board

A.Sekar
Partner
Membership No.18784

Mr.G.Mohan Das
Company Secretary

Pradip D Kothari
Chairman &
Managing Director

K.Santhanam
Director

Place: Chennai
Date: 29.05.2012

KOTHARI INDUSTRIAL CORPORATION LIMITED
Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No	Rupees in Lakhs	
		As at 31st March 2012	As at 31st March 2011
Revenue from operations	19	11162.32	9590.62
Profit on Sale of Fixed Assets		0.00	337.66
Profit on Sale of Land (Stock in Trade)		0.00	663.55
Other Income	20	<u>167.53</u>	<u>184.06</u>
		<u>11329.85</u>	<u>10775.89</u>
Expenses:			
Cost of materials consumed	21	4342.77	2848.83
Purchase of Stock-in-Trade		3862.03	4051.60
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(633.18)	192.03
Employee benefits	23	721.59	589.14
Financial costs	24	292.76	180.77
Depreciation and amortization expense		39.19	35.93
Other expenses	25	<u>2605.68</u>	<u>2168.07</u>
		<u>11230.84</u>	<u>10066.37</u>
Profit before exceptional and extraordinary items and tax		99.01	709.48
Exceptional Items	26	(51.33)	(1025.56)
Profit/(Loss) before extraordinary items and tax		47.68	(316.04)
Profit/(Loss) before tax		<u>47.68</u>	<u>(316.04)</u>
Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
Profit/(Loss) for the year from continuing operations		<u>47.68</u>	<u>(316.04)</u>
Earning per equity share:			
(1) Basic		0.38	(2.38)
(2) Diluted		0.38	(2.38)

For B.B.Naidu & Co.
Regn.No.002291S
Chartered Accountants

For and on behalf of the Board

A.Sekar
Partner
Membership No.18784

Mr.G.Mohan Das
Company Secretary

Pradip D Kothari
Chairman &
Managing Director

K.Santhanam
Director

Place: Chennai
Date: 29.05.2012

NOTES TO ACCOUNTS

A BACK GROUND

The Company is engaged in manufacturing and mixing of fertilisers and has a network of distributors in the southern states and has developed a brand value recognised in the market place. The company has planned to develop a Container Terminal at Ennore.

B Significant 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 statement of Profit & Loss . Outstanding foreign balances are restated at exchange rates prevailing on the Balance Sheet date.

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 is provided for in the accounts.

iv Fixed Assets

Fixed Assets are valued at cost. Most of the fixed assets were revalued in the past earlier years 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

Kothari Industrial Corporation Limited

Note

No.

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. Due to reduction of the paid-up value of Equity Shares of the Company pursuant to the Order of the Hon'ble High Court dated 31.08.2010, the net worth of the Company is fully eroded as at 31st March, 2012. The Company has plans to issue preference shares to Promoters/ Promoter Group and associates which would bring in additional inflow for operations.

Taking all the above developments which would significantly improve the profitability and net worth of the Company, the financial statements have been prepared on the principles applicable to going concern.

		March 31, 2012	March 31, 2011
2	Share Capital		
	Authorised Share capital 2,50,00,000 (31st March 2011: 2,50,00,000)		
	Equity Shares of Rs.10 each	2500.00	2500.00
	Issued Share Capital		
	1,58,99,052 (31st March 2011: 1,58,99,052)		
	Equity Shares of Rs.5 each	794.95	794.95
	Subscribed Share Capital		
	1,56,19,052 (31st March 2011: 1,56,19,052)		
	Equity Shares of Rs.5 each	780.95	780.95
	Fully Paid up Share Capital		
1,24,83,885 (31st March 2011: 1,24,83,885)			
Equity Shares of Rs.5 each	624.19	624.19	
Calls unpaid	0.00	0.57	
Note: 31,35,167 equity shares of Rs.2.50 per share partly paid-up have been cancelled vide City Civil Court Order dt.14.12.2000.			
Total	624.19	623.62	

(a) Reconciliation of Number of shares

	March 31, 2012		March 31, 2011	
	No.of Shares	Amount	No.of Shares	Amount
Equity Shares				
Balance as at the beginning of the year	12,483,885	624.19	12,483,885	624.19
Balance as at the end of the year	12,483,885	624.19	12,483,885	624.19

(b) Details of Shares held by share holders holding more than 5% of the aggregate shares in the company

	Percentage	March 31, 2012	March 31, 2011
Equity Shares			
Life Insurance Corporation	11.79%	14,71,679	14,71,679
Mr. P.D.Kothari	10.94%	13,66,288	13,66,288
Total		28,37,967	28,37,967

2.1 Additional Disclosures

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) 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.

The Board 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 regarding listing of shares with Bombay Stock Exchange.

The shareholders are entitled to dividend when declared. Their rights are governed by the Articles of Association and the Companies Act, 1956.

	March 31, 2012	March 31, 2011
3 Reserves and Surplus		
Capital Reserves	65.85	65.85
Capital Redemption Reserves	18.00	18.00
Securities Premium Account	-	425.53
Revaluation Reserves	3,615.90	810.01
Accumulated losses (schedule 3.5)	(2,253.80)	(2,301.48)
Total	1,445.95	(982.09)
3.1 Capital Reserves		
Balance at the beginning of the year	65.85	65.85
Balance as at the end of the year	65.85	65.85
3.2 Capital Redemption Reserves		
Balance at the beginning of the year	18.00	18.00
Balance as at the end of the year	18.00	18.00
3.3 Securities Premium Account		
Balance at the beginning of the year	425.53	1,290.06
Less : Appropriations	425.53	864.53
Balance as at the end of the year	0.00	425.53
3.4 Revaluation Reserves		
Balance at the beginning of the year	810.01	1,025.75
Add: Additions during the year	3,000.01	-
Less : Appropriations	194.11	215.74
Balance as at the end of the year	3,615.91	810.01
3.5 Surplus(Deficit) as per statement of profit & loss		
Deficit at the beginning of the year	(2,301.48)	(3,474.16)
Profit for the year	47.68	1,172.68
Deficit as at the end of the year	(2,253.80)	(2,301.48)
4 Long-term borrowings		
Secured Term Loans		
- From Banks	1,618.27	1,573.74
- From Other	445.47	460.47
Total	2,063.74	2,034.21

4.1 Loans and advances from banks are secured on immovable properties and current assets of the Company and guaranteed in certain cases by the promoter. Negotiations have reached a final stage with respect to loans due and payable by the Company to a Bank. Secured loans from a Company and an individual respectively are secured by equitable charge on certain properties of the Company.

Kothari Industrial Corporation Limited

	March 31, 2012	March 31, 2011
5 Other long term liabilities		
Superannuation Fund	54.56	35.59
Total	54.56	35.59
6 Long-term provisions		
Provision for Gratuity	134.29	75.33
Total	134.29	75.33
6.1	The Company's liability towards Gratuity to employees has been provided on reasonable basis 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.	
7 Short-terms borrowings		
Unsecured		
Loans repayable on demand		
- from Banks	7.33	7.33
- from other parties	652.96	703.97
Total	660.29	711.30
8 Other current liabilities		
Current maturities of long term debt	1.04	-
Interest accrued and due on borrowings	60.86	19.42
Unclaimed Dividends	6.98	6.98
Rent Deposit	130.94	129.94
Share application money	78.38	-
Share Premium	425.53	-
Statutory dues including PF and TDS	187.67	142.70
Salaries & Wages Payable	76.22	44.46
Other Payables	1218.34	1112.62
Total	<u>2185.96</u>	<u>1456.12</u>

8.1 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.

9 Tangible Assets

Assets	Gross Block				Depreciation					Net Block	
	April 1, 2011	Addition	Disposal	March 31, 2012	April 1, 2011	Addition	Disposal	Other adjustments	March 31 2012	March 31, 2012	March 31, 2011
Land	8.56	0.00	0.00	8.56	0.00	0.00	0.00	0.00	0.00	8.56	8.56
Buildings	3464.22	3000.01	0.00	6464.23	1487.64	197.66	0.00	0.00	1685.30	4778.93	1976.58
Plant & Machinery	725.56	49.04	0.25	774.35	593.95	23.77	0.04	-0.43	617.26	157.10	131.61
Furniture & Fittings	98.50	5.82	0.00	104.33	88.03	2.06	0.00	-0.03	90.06	14.27	10.47
Vehicles	115.14	10.10	0.00	125.24	74.11	11.74	0.00	-1.43	84.41	40.83	41.03
March 31, 2012	4411.98	3064.97	0.25	7476.71	2243.73	235.23	0.04	-1.89	2477.03	4999.68	2168.25
March 31, 2011	4325.99	89.39	3.40	4411.98	1992.94	251.67	0.88		2243.73	2168.25	2333.05

9.1 Additional Disclosure

(i) Land and buildings at Fertilizer Division were revalued in the years 1989, 1992 and again on 1st April 1995.

(ii) Part of the "Kothari Building" belonging to the Company was revalued at the fair market value on 31st March 2012 and on 31st March 2002 respectively by an approved valuer.

(iii) The appreciation in the value of the above fixed assets has been credited to Fixed Asset Revaluation Reserve.

	March 31, 2012	March 31, 2011
10 Non-current investments		
Investments in Equity instruments		
- 52000 shares of Katiken Logistics Ltd @ Rs. 10 each	5.20	-
Investments in Government and Trust securities		
- National Savings Certificates	0.08	0.08
Other non-current investments		
- Mittal Court Co-op Society	0.01	0.01
Total	5.29	0.09
11 Long Term Loans and Advances		
Secured considered good		
Security Deposits	101.20	110.51
Sub Total	101.20	110.51
Unsecured considered good/Doubtful		
Other loans and advances		
-Rental Deposit	11.86	9.50
Sub Total	11.86	9.50
Advances recoverable in cash or in kind	44.82	30.96
Other loans & advances		
- Balances with Govt. Authorities	1,151.66	444.63
- Others	27.87	27.87
Sub Total	1,179.53	472.50
Total	1,337.41	623.47
12 Other non-current assets		
Others		
Long term deposits with Banks with maturity more than 12 months	4.94	8.95
Total	4.94	8.95
13 Inventories		
Raw materials	1,188.71	180.10
Finished goods	559.83	276.66
Stock in trade(Land)	424.98	74.98
Stores and spares	7.76	7.76
Others		
- Packing Materials	32.03	28.52
Total	2,213.31	568.02

Kothari Industrial Corporation Limited

	March 31, 2012	March 31, 2011
13.1 Details of Finished Goods Inventory		
(i) Goods Manufactured		
- SSP	31.82	122.04
- NPK Mixtures	11.28	4.89
(iii) Details of Traded goods		
- Agro Products	122.29	-
- Micro & Bio Products	24.03	65.22
- ST. Fertilisers	354.21	64.91
- NPK Mixtures	12.02	8.43
- Pesticides	4.18	11.17
Total	559.83	276.66
14 Trade receivables		
Unsecured, considered good		
-Outstanding for a period exceeding 6 months from the date they are due for payment	65.58	94.19
-Others	535.11	418.34
Unsecured, considered doubtful		
-Outstanding for a period exceeding 6 months from the date they are due for payment	5.24	-
Total	605.93	512.53
15 Cash and cash equivalents		
Balances with banks		
- In current account	371.62	251.98
Cash in hand	11.65	10.02
Total	383.27	262.00
16 Short term loans and advances		
Loans and advances unsecured and considered good	131.26	136.20
-Advance Income tax		
[Net of Provision of Rs - (March 31, 2011: Rs.56.59)	56.59	56.29
Total	187.85	192.49
17 Other Current Assets		
Unsecured, considered good		
Unamortised Expenses	-	19.43
Total	-	19.43

**18 Contingent liabilities and commitments
(to the extent not provided for)**

Contingent liabilities

Claims against the company not acknowledged as debt

-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

-Others(Exclusive of Interest)

145.00

145.00

Guarantees

7.00

7.00

Other money for which the company is contingently liable

- Differential Customs Duty on Import machinery Availed under export obligation scheme

84.07

84.07

- Interest if any, on Mortgage Loan of is 45000000.00 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 and quantification of the liability, if any, has not recognized in the accounts

Total
1,112.96
1,112.96
**19 Revenue from Operations
(for companies other than a finance company)**

Revenue from - Sale of Fertilisers

11,191.59

9,591.98

Less: Excise Duty

29.27

1.36

Total
11,162.32
9,590.62

18.1 (i) Details of Sales (Finished goods)

- SSP

5,010.37

3,468.99

- NPK Mixtures

1,795.02

1,115.26

(ii) Details of Sales (Traded goods)

- Agro Products

257.83

-

- Micro & Bio Products

373.00

769.80

- ST. Fertilisers

1,661.18

1,887.31

- NPK Mixtures

1,874.63

1,690.98

Pesticides

219.55

659.64

Total
11,191.58
9,591.98
20 Other Income

Interest on Deposits

0.33

-

Interest received others

2.94

3.31

Lease Rental Receipts

151.55

163.50

Dividend income

0.03

-

Other non-operating income

- Other Income

12.68

17.25

Total
167.53
184.06
21 Cost of Materials consumed

Raw materials consumed

Opening stock

180.10

323.61

Add: Purchases

5,351.38

2,706.32

Less: Inventory at the end of the year

1,188.71

181.10

Cost of Materials consumed during the year
4,342.77
2,848.83
Total
4,342.77
2,848.83

Kothari Industrial Corporation Limited

22 Changes in inventory of finished goods and Work in progress and stock-in-trade

(Increase)/decrease in stock		
Stock at the end of the year:		
Finished goods	559.83	276.66
Land held as stock-in-Trade	424.98	74.97
Total A	984.81	351.63
Stock at the beginning of the year:		
Finished goods	276.66	468.69
Land converted into Stock-in-Trade	74.97	74.97
Total B	351.63	543.66
Total	(633.18)	192.03

23 Employee Benefits

Salaries and wages	574.89	453.09
Contribution to PF	60.53	46.32
Contribution to Gratuity	62.61	55.36
Staff welfare expenses	23.56	34.37
Total	721.59	589.14

24 Financial Costs

Interest	266.71	157.44
Other borrowing costs	26.05	23.33
Total	292.76	180.77

25 Other Expenses

Consumption of stores and Packing Materials	218.94	204.11
Power and fuel	54.56	56.90
Rent	56.13	47.25
Audit Fees		
- Statutory Audit	3.31	3.23
- Tax Audit	1.65	1.63
Repairs to buildings	12.34	21.64
Repairs to machinery	79.43	147.96
Director Sitting Fee	1.50	1.20
Insurance	14.95	12.24
Rates & Taxes	9.78	8.57
Travelling expenses	140.96	116.88
Professional Charges	60.44	94.98
Selling Expenses	920.02	761.92
Foreign Exchange Loss	36.09	5.31
Other Manufacturing expenses	778.54	455.25
Other Expenses	217.04	229.00
Total	2,605.68	2,168.07

26 Exceptional Items

Debit / Credit of Earlier Years	(51.33)	-
One time Settlement of Bank/ Financial Institution	-	(1,025.56)
Total	(51.33)	(1,025.56)

27 Related Parties Disclosure:

- (i) Name of the Key Management Personnel:
Mr. Pradip D. Kothari - Chairman and Managing Director
No remuneration was paid to the Managing Director during the year.
- (ii) Mrs.Surekha P Kothari, W/o.Chairman & Managing Director has joined the Board of the company on 19.09.2011
- (iii) Mrs.Antara Kothari, D/o.Chairman and Managing Director has joined the company as Vice President (Business Development)
- (iv) Name of the transacting related party & description of the relationship between the parties:
Associate Companies / Firms
Kothari (Madras) International Limited

(iv) Particulars of Transactions	
Nature of Transaction	Amount(Rs. in lakhs)
a) Purchase of Raw Materials & finished goods	1570.60

Amount of Rs. 107.95 lakhs is outstanding as on 31st March, 2012 from M/s.Kothari (Madras) International Limited.

b) Remuneration paid to Mrs. Antara Kothari Rs. 10.06 lacs.

28 Earnings / (Loss) per Share - Calculation of weighted average number of Equity Shares of Rs. 5 each:

	March 31, 2012	March 31, 2011
Number of shares of Rs.5/- each	12,483,885.00	12,483,885.00
Number of shares of Rs.5/- each partly paid Rs. 2.50/- per share	-	783,792.00
Basic & Diluted Earnings(in Rupees) per Share	0.38	(2.38)

29 As per the records and information available with the company there are no amounts outstanding as on 31st March, 2012 payable to :

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

30 With regard to the pending winding up petition before the Hon'ble High Court of Judicature at Madras, the Company is under negotiation with the petitioner for withdrawal of the case

31 The figures in brackets relate to Previous year and regrouped / reclassified to confirm to the requirements of schedule VI (as amended) of the companies act 1956.

CASH FLOW STATEMENT

	FOR 2011-12	:	FOR 2010-11
	Rs LACS	:	Rs LACS
A) CASH FLOW FROM OPERATING ACTIVITIES			
NETT PROFIT/(LOSS) BEFORE TAX	47.68	:	(316.04)
ADD:		:	
DEPRECIATION FOR THE YEAR AFTER ADJ.	<u>39.19</u>	:	<u>35.04</u>
	86.87	:	(281.00)
LESS:		:	
PROFIT ON SALE OF FIXED ASSETS	-	:	337.66
INTEREST RECEIPTS	3.27	:	3.09
DIVIDENDS	<u>0.03</u>	:	<u>0.00</u>
	<u>3.30</u>	:	<u>340.75</u>
	83.57	:	(621.75)
LESS: INCREASE IN CURRENT ASSETS/CURRENT LIABILITIES			
INVENTORIES	1645.29	:	(408.25)
SUNDRY DEBTORS	93.40	:	(148.59)
LOANS AND ADVANCES	<u>705.32</u>	:	<u>(18.47)</u>
	2444.00	:	(575.31)
CURRENT LIABILITIES AND PROVISIONS	(2550.38)	:	(778.50)
	<u>(106.38)</u>	:	<u>(1353.82)</u>
CASH FLOW	189.95	:	732.07
NET CASH FROM OPERATING ACTIVITIES (A)	189.95	:	732.07
B) CASH FLOW FROM INVESTING ACTIVITIES			
INFLOW		:	
INTEREST RECEIPTS	3.27	:	3.09
SALE OF LAND	-	:	-
DIVIDENDS	0.03	:	-
PROFIT ON SALE OF FIXED ASSETS	<u>-</u>	:	<u>337.66</u>
	3.30	:	340.75

OUTFLOW	Rs. LACS	:	Rs. LACS
NETT INCREASE IN FIXED ASSETS	64.71	:	85.99
DEFFERED REVENUE EXPENSES	(19.43)	:	(25.90)
NETT INCREASE IN INVESTMENTS	<u>5.20</u>	:	<u>-</u>
	50.49	:	<u>60.09</u>
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(47.19)	:	(280.66)
C)CASH FLOW FROM FINANCING ACTIVITIES		:	
RESERVES	0.00	:	0.00
LOAN FUNDS	<u>(21.48)</u>	:	<u>(1069.51)</u>
SHARE APPLICATION MONEY		:	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>(21.48)</u>	:	<u>(1069.51)</u>
NETT INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>121.28</u>	:	<u>(56.78)</u>
CASH AND CASH EQUIVALENT OPENING BALANCE	270.95	:	327.73
LESS : BANK BALANCES NOT CONSIDERED AS CASH AND CASH EQUIVALENTS AS DEFINED IN AS 3	<u>8.95</u>	:	<u>-</u>
	262.00	:	327.73
CASH AND CASH EQUIVALENT CLOSING BALANCE	<u>383.27</u>	:	<u>270.95</u>
	<u>121.28</u>	:	<u>(56.78)</u>

31

For and on behalf of the Board

Place : Chennai
Date : 29.05.2012

PRADIP D.KOTHARI
Chairman &
Managing Director

K. SANTHANAM
Director



KOTHARI INDUSTRIAL CORPORATION LIMITED
 REGD. OFFICE: "KOTHARI BUILDINGS"
 114, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI – 600034

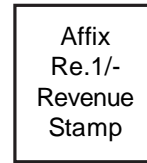
PROXY FORM

I / Weof
 in the District ofbeing a member/members of the
 abovenamed company hereby appoint..... of in the District
 of or failing him of
in the District of as my/our
 Proxy to vote for me/us on my/our behalf at the 42nd Annual General Meeting of the Company to be
 held on Wednesday, the 26th September, 2012 at 10.15 A.M at Rani Seethai Hall, 603, Anna Salai,
 Chennai-600 006.

Signed this day of 2012

Folio No. / *DP ID & Client ID No.

Signed by the said



Note: Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member. This form, duly completed, should be deposited at the Registered Office of the Company not less than fortyeight hours before the time of the Meeting.

*Applicable to shares held in electronic form



KOTHARI INDUSTRIAL CORPORATION LIMITED
 REGD. OFFICE: "KOTHARI BUILDINGS"
 114, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI – 600034

ATTENDANCE SLIP

(To be handed over at the Meeting Hall)

Folio No.

Name of the shareholder

*D.P. ID No.

*Client ID No.

I hereby record my presence at the 42nd Annual General Meeting of the Company held on Wednesday, the 26th September, 2012 at 10.15 A.M at Rani Seethai Hall, 603, Anna Salai, Chennai-600 006.

.....
 Signature of the Proxyholder

.....
 Signature of the Shareholder

*Applicable to shares held in electronic form.

BOOK-POST



If undelivered please return to:

KOTHARI INDUSTRIAL CORPORATION LIMITED

Regd. Office: 'Kothari Buildings' Box No.3332,

No.114, Mahathma Gandhi Salai,

Nungambakkam, Chennai - 600 034.

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