

## Kothari Industrial Corporation Limited



### BOARD OF DIRECTORS

|                             |             |   |
|-----------------------------|-------------|---|
| <b>Mr.Pradip D. Kothari</b> | DIN 1315682 | <b>Chairman &amp; Managing Director</b> |
| Dr.Easo John                | DIN 607448  | Director                                |
| Mr.K.Santhanam              | DIN 1915905 | Director                                |
| Mrs.Surekha P Kothari       | DIN 5131936 | Director                                |
| Mr.Chetan Vijay Pagariya    | DIN 2246555 | Director                                |

### AUDIT COMMITTEE

|                          |                           |
|--------------------------|---------------------------|
| Mr.K.Santhanam           | Chairman of the Committee |
| Mr.Chetan Vijay Pagariya | Member                    |
| Dr.Easo John             | Member                    |

### CHIEF FINANCIAL OFFICER

Mr.T.Sankaran

### COMPANY SECRETARY

Mr.G.Mohan Das

### AUDITORS

#### **M/s.B.B.Naidu & Co.**

Chartered Accountants  
MC-Park Way  
122/36, Marshalls Road  
(Rukmani Lakshmiopathy Salai)  
Opp. Rajarathinam Stadium  
Egmore  
Chennai-600008.

### INTERNAL AUDITORS

M/s.Sekaran & Venkatesh  
Chartered Accountants  
Golden Enclave  
23 & 24, TNHB Complex  
No.4, Luz Church Road,  
Mylapore, Chennai-600004.

### COST AUDITOR

M/s.STR & Associates  
Plot No.37 & 38, Kaveri Nagar  
Srirangam  
Tiruchirapalli – 620006.

### REGISTERED OFFICE:

“Kothari Buildings”  
114, Mahathma Gandhi Salai  
Chennai – 600034  
Tel.No.+91 044-28334565  
CIN No. L24110TN1970PLC005865  
Email: mohandas@kotharis.in  
Website: www.kotharis.in

### FACTORY:

Super Phosphate Factory  
Ennore  
Chennai-600057.

### REGISTRARS:

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

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

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## 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 44<sup>th</sup> Annual General Meeting of the Company will be held at 11.00 A.M. on Tuesday the 30<sup>th</sup> December 2014 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 31<sup>st</sup> March, 2014 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 with or without modification, the following resolution as an 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 for a period of three years from the conclusion of this 44<sup>th</sup> Annual General Meeting until the conclusion of the 47<sup>th</sup> 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

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

"RESOLVED THAT Mr.K.Santhanam(DIN 01915905)who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, for a period of five years as per provisions of Section 161 of the Companies Act, 2013."

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

"RESOLVED THAT Dr.Easo John(DIN 00607448) who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, for a period of five years as per provisions of Section 161 of the Companies Act, 2013."

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

"RESOLVED THAT Mr.Chetan Vijay Pagariya(DIN 2246555) who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, for a period of five years as per provisions of Section 161 of the Companies Act, 2013."

(By Order of the Board)

**For KOTHARI INDUSTRIAL CORPORATION LIMITED**

Place: Chennai

Date : 12.11.2014

**G.MOHAN DAS  
COMPANY SECRETARY**

#### Important Notes:-

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 26<sup>th</sup> December 2014 to Tuesday the 30<sup>th</sup> December 2014(both days inclusive) in connection with the AGM.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceed fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Member holding more than 10%

of the total share capital of the Company is entitled to appoint a single proxy, who cannot be proxy of any other member.

3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
4. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Since the Company has not declared any dividend from the year 1995 onwards, the necessity of transferring the unpaid or unclaimed dividend to IEPF does not arise.
5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting are enclosed and form an integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
8. Electronic copy of the Full Version of the Annual Report for the year 2013-14 and the notice of the 44<sup>th</sup> AGM are being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year is being sent in the permitted mode. These members are requested to register their e-mail ids with the DP/RTA/Company.
9. Full version of the Report and the Notice of the AGM are available in the Company's website viz., [www.kotharis.in](http://www.kotharis.in). Members desirous of receiving the complete annual report may send a request in writing to the Registrar or Company and send the same by post/courier or email with a scanned copy of the request.
10. Electronic Voting(e-Voting)
  - I. In compliance with the provisions of Clause 35B of the Listing Agreements, Section 108 of the Companies Act, 2014 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 44<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
 

The Instructions for e-Voting are as under:  
A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company / RTA / Depository Participant(s)):

## Kothari Industrial Corporation Limited

- (1) Open the attached PDF file viz. "KICLAGM e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password.
  - (2) Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
  - (3) Click on "Shareholder - Login".
  - (4) Put User ID and password as initial password noted in step (1) above and Click Login.
  - (5) Password Change Menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (6) Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
  - (7) Select "EVEN" of Kothari Industrial Corporation Limited.
  - (8) Now you are ready for "e-Voting" as "Cast Vote" page opens.
  - (9) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
  - (10) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (11) Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [cslkassociates@gmail.com](mailto:cslkassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / RTA / Depository Participant(s) or who requested physical copy]:

- (1) Initial password is provided as below, at the bottom of the Attendance Slip for the AGM:

| <b>EVEN<br/>(e-voting<br/>Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|---|----------------|---------------------|
|   |                |                     |

- (2) Please follow all steps from Sl.No.I(2) to Sl.No.I(11) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - III. If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password/PIN for casting your vote.
  - IV. The e-Voting period commences on 22<sup>nd</sup> December 2014 (9.30 a.m.) and ends on 24<sup>th</sup> December 2014 (5.30 p.m.). During this period shareholders of the company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) 28<sup>th</sup> November 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - V. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date(record date) 28<sup>th</sup> November 2014.
  - VI. Ms.Lalitha Kannan, Practicing Company Secretary(CP No.1894) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two(2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman and Managing Director of the company.

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 a.m. to 5.30 p.m.) Monday to Friday, except Holidays, upto and including the date of the Annual General Meeting of the Company.
12. Shareholders seeking any information with regard to accounts are requested to write to the Company well in advance so as to enable the Management to reply.
13. Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System.
14. 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 INE972A01020.
15. 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.
16. Shareholders/Proxies/Authorised Representatives are requested to affix their signatures at the space provided on the Attendance Slip and surrender the same at the AGM venue.
17. Members/Proxies/Authorised Representatives are requested to bring the copy of the Annual Report for the AGM.

#### **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<br>(DIN 01915905) |
| Date of Appointment                                    | 06.07.2005                       |
| Qualifications   | M.Com.                           |
| Expertise  | Marketing                        |
| Directorships in other companies                       | Nil                              |
| Membership / Chairman in other companies               | Nil                              |
| Committee Membership                                   | Nil                              |
| Shareholding in Kothari Industrial Corporation Limited | Nil                              |

|  |                                |
|--|--------------------------------|
| Name of the Director                                   | Dr.Easo John<br>(DIN 00607448) |
| Date of Appointment                                    | 13.08.2009                     |
| Qualifications   | M.B.A., Ph.D.                  |
| Expertise  | Corporate Management           |
| Directorships in other companies                       | Nil                            |
| Membership / Chairman in other companies               | Nil                            |
| Committee Membership                                   | Nil                            |
| Shareholding in Kothari Industrial Corporation Limited | Nil                            |

## Kothari Industrial Corporation Limited

|  |   |
|--|---|
| Name of the Director                                   | Mr.Chetan Vijay Pagariya<br>(DIN 2246555) |
| 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                                   | Nil                                       |
| Shareholding in Kothari Industrial Corporation Limited | Nil                                       |

**Explanatory Statement pursuant to the provisions of Sec.102(1) of the Companies Act, 2013 in respect of item nos.3 to 5:**

### **SPECIAL BUSINESS**

Dr.Easo John, Mr.K.Santhanam and Mr.Chetan Vijay Pagariya are Independent Directors of the Company liable to retire by rotation. In view of the provisions of the New Companies Act 2013, the Independent Directors are required to be appointed for a period of 5 years. Notices have been received from the members of the company under Section 160 of the Companies Act 2013 along with requisite deposit amount signifying the intention to propose the candidature of Mr.K.Santhanam and Dr.Easo John only, to move the resolutions set out in item

no.3 & 4 in the notice to be approved by the shareholders.

A brief profile of the proposed Independent Directors including nature of expertise is already provided here before. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of the Independent Directors. Accordingly, the Board recommends the resolution set out in the Notice for approval of the shareholders of the Company.

None of the Directors/Key Managerial Personnel/ their relatives, other than the appointees for their respective appointment, are in any way, concerned or interested, financially or otherwise in the resolution set out in the Notice.

## REPORT OF THE DIRECTORS

Your Directors present herewith the Forty-fourth Annual Report on the performance of the Company along with the Audited Balance Sheet and Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March, 2014.

The Financial Results are as follows:

|   | 2013 - 14      | 2012 - 13       |
|---|----------------|-----------------|
|   | (Rs.in Lacs)   |                 |
| Turnover/ Income from Services                      | <u>8361.29</u> | <u>10807.19</u> |
| Profit/(Loss) before Interest and Depreciation      | (566.73)       | 58.50           |
| Interest and Finance Charges                        | 243.07         | 232.83          |
| Loss before Depreciation                            | (809.80)       | (174.33)        |
| Exceptional Items                                   | -              | 6.65            |
| Loss before depreciation                            | (809.80)       | (167.68)        |
| Depreciation  | 53.45          | 41.61           |
| Taxation  | -              | -               |
| Loss for the year                                   | (863.25)       | (209.29)        |
| Balance Loss brought forward from the previous year | (2463.09)      | (2253.80)       |
| Loss carried to Balance Sheet                       | (3326.34)      | (2463.09)       |

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March, 2014.

### OPERATIONS:

The Turnover of NPK Mixtures, Straight fertilizers and Trading activities was Rs.7871.74 lakhs as compared to Rs.10576.02 lakhs in the previous year. The Single Super Phosphate plant near Chennai could be operated only for a part of the year in view of inadequate working capital requirements. The production was 2826 MT as compared to 35891 MT in the previous year.

### FUTURE PROSPECTS:

The Company is in the advanced stage of tie-up for financial assistance for effectively putting in the use of available facilities at its fertilizer plant. It is expected that, barring unforeseen circumstances, the company would be in a position to re-start production of Single Super Phosphate by end January 2015.

With respect to production and sale of NPK Mixtures and other products, the Company is

planning to increase the quantum of sales by effective utilization of the available working capital.

The particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 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, Dr.Easo John and Mr.Chetan Vijay Pagariya being Independent Directors are not liable to retire by rotation as per the provisions of the New Companies Act. Hence, their appointments are proposed for a period of 5 years as Independent Directors at the ensuing 44<sup>th</sup> Annual General Meeting.

### 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;



## Kothari Industrial Corporation Limited

- 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.

With regard to the remarks in the Auditor's Report, the financial note no.17(b) is self-explanatory.

Further, the company's reduced operations due to absence of credit facilities, had severe impact on the cash flows resulting in certain statutory dues falling in arrears and speedy steps are being taken to fulfill the obligations as soon as feasible.

### 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.1.66 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

**Pradip D. Kothari**  
**Chairman & Managing Director**

Place: Chennai  
Date: 12.11.2014

**ANNEXURE – A**
**CONSERVATION OF ENERGY**
**FORM – A**

Form for disclosure of particulars with respect to conservation of Energy

| <b>A. Power and Fuel Oil consumption</b>            | <b>Current Year<br/>2013-14</b> |
|---|---------------------------------|
| <b>(1) Electricity</b>                              |                                 |
| a. Purchase power                                   |                                 |
| Units   | 172554                          |
| Variable cost (Rs.in lakhs)                         | -                               |
| Total cost (Rs. in lakhs)                           | 24.78                           |
| Rate/Unit (Rs.)                                     | 5.50                            |
| Unit charges (Rs./Unit)**                           | 5.50                            |
| Demand charges (Rs. / KVA)                          | 300.00                          |
| *Net of wind farm adjustment                        | Nil                             |
| ** Variable cost includes peak hour charges         | Nil                             |
| b. Own generation                                   | <b>5178</b>                     |
| <b>(2) Coal</b>                                     | <b>Nil</b>                      |
| <b>(3) Furnace Oil/LSHS</b>                         | <b>Nil</b>                      |
| <b>(4) Diesel</b> (for industrial lighting purpose) |                                 |
| Quantity (KL)                                       | Nil                             |
| Total Amount (Rs. In Lakhs)                         | Nil                             |
| Average Rate (Rs./KL)                               | Nil                             |
| <b>(5) Windfarm</b>                                 | <b>Nil</b>                      |
| <b>B. Consumption per unit (MT) of production</b>   |                                 |
| Product   | : Single Super Phosphate        |
| Production  | : 2826 MT                       |
| Electricity consumed                                | : 172554 units                  |
| Consumption Per unit (MT)<br>of production          | : Rs.877/-                      |

**FORM – B**

|  |   |     |
|--|---|-----|
| Form of disclosure of particulars with respect to absorption | : | Nil |
|--|---|-----|

| <b>FOREIGN EXCHANGE EARNINGS AND OUT GO</b> | <b>USD</b> | <b>Rs.</b> |
|---|------------|------------|
| Foreign Exchange earned                     | :          | -          |
| Foreign Exchange spent                      | :          | -          |

## **Kothari Industrial Corporation Limited**

### **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.7871.74 lakhs against the previous year turn over of Rs.10576.02 lakhs.

A team of Internal Auditors continue 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.

#### **INDUSTRY OUTLOOK**

2013-14 monsoon has been good and this significantly will improve the agricultural prospects for both kharif and Rabi seasons. As a result, it is expected that the consumption of fertilizers will show an increased trend. Further, the demand for NPK Mixtures is also likely to pick up with the Nutrient Based Subsidy Scheme in vogue. This will help all fertilizer companies to get benefited, since the level playing field has been created by the Government.

Your company is planning to improve its sales with better distribution facilities available and by leveraging the "Horse Brand".

### **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 and three Non-executive Independent Directors and one Non-executive Director. 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.

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 31<sup>st</sup> March 2014 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 does not receive any remuneration.

Directorship held by existing Directors and shares of the Company held by them as on 31<sup>st</sup> March, 2014 are given below:

Directorship held by existing Directors and shares of the Company held by them as on 31<sup>st</sup> March, 2014 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 31.03.2014 |
|--|--|--|---|
| Shri.Pradip D. Kothari<br>Chairman and Managing Director | Nil                                    | Nil  | 1366288   |
| Shri.K.Santhanam<br>Director                             | Nil                                    | Nil  | Nil   |
| Shri.Chetan Vijay Pagariya<br>Director                   | Nil                                    | Nil  | Nil   |
| Dr.Easo John<br>Director                                 | Nil                                    | Nil  | Nil   |
| Mrs. Surekha P Kothari<br>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 30.05.2013, 14.08.2013, 08.11.2013 & 14.02.2014.

## Kothari Industrial Corporation Limited

### 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 10.05.2013, 01.07.2013, 19.08.2013, 02.09.2013, 28.10.2013, 22.11.2013, 22.01.2014, 20.02.2014 & 17.03.2014.

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

4 Shareholders' Grievance Committee Meetings were held on 29.06.2013, 30.09.2013, 31.12.2013 & 31.03.2014.

### 7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31<sup>st</sup> March, 2014 are given below:

| Name of the Director                                     | Board Meetings | Audit Committee Meetings | Share Transfer Committee Meetings | Shareholders' Grievance Committee Meetings | AGM held on 18 <sup>th</sup> September 2013 | Directors Sitting Fees Rs. |
|--|----------------|--------------------------|-----------------------------------|--|---|----------------------------|
| Shri.Pradip D. Kothari<br>Chairman and Managing Director | 4              | Nil                      | 9                                 | Nil  | Attended                                    | Nil                        |
| Shri.K.Santhanam<br>Director                             | 4              | 4                        | 9                                 | 4  | Attended                                    | 40000                      |
| Shri.Chetan Vijay Pagariya<br>Director                   | 4              | 4                        | Nil                               | 4  | Attended                                    | 40000                      |
| Dr.Easo John<br>Director                                 | 4              | 4                        | Nil                               | Nil  | Attended                                    | 40000                      |
| Mrs.Surekha P Kothari<br>Director                        | 4              | Nil                      | Nil                               | Nil  | Attended                                    | 40000                      |

4 Board Meetings were held during the year on 30.05.2013, 14.08.2013, 08.11.2013 & 14.02.2014.

### 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 website of the Company.

#### 10. General Shareholder Information:

- (i) The Forty-fourth Annual General Meeting of the Company will be held on 30<sup>th</sup> December 2014 at 11.00 a.m. 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 |
|---------|-------------------------|--|--|--------|
| 2010-11 | 21.09.2011<br>10.15 a.m | Rani Seethai Hall,<br>603, Anna Salai,<br>Chennai - 600 006. | Nil                                    | -      |
| 2011-12 | 26.09.2012<br>10.15 a.m | Rani Seethai Hall,<br>603, Anna Salai,<br>Chennai - 600 006. | Nil                                    | -      |
| 2012-13 | 18.09.2013<br>10.30 a.m | Rani Seethai Hall,<br>603, Anna Salai,<br>Chennai - 600 006. | Nil                                    | -      |

No resolution has been put through postal ballot.

- (ii) **Book Closure dates:** Friday the 26<sup>th</sup> December 2014 to Tuesday the 30<sup>th</sup> December 2014 (both days inclusive).
- (iii) **Listing of Equity Shares:** The Company has since received In-Principle approval from the Bombay Stock Exchange for lifting the ban on suspension in trading of equity shares of the Company. Certain formalities are to be completed for getting the shares re-listed, subsequent to the receipt of this in-principle approval. The Company is in the process of fulfilling the terms and conditions and it is expected that the listing of shares will take place shortly.

## Kothari Industrial Corporation Limited

### 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 31<sup>st</sup> March, 2014:

| Range           | Shareholders |        | Shares   |        |
|-----------------|--------------|--------|----------|--------|
|                 | Number       | %      | Number   | %      |
| UPTO 100        | 42265        | 81.54  | 1917199  | 15.36  |
| 101 - 200       | 5668         | 10.93  | 914045   | 7.32   |
| 201 - 500       | 2825         | 5.45   | 931636   | 7.46   |
| 501 - 1000      | 711          | 1.37   | 529438   | 4.24   |
| 1001 – 5000     | 266          | 0.51   | 474539   | 3.80   |
| 5001 – 10000    | 25           | 0.05   | 171971   | 1.38   |
| 10001 AND ABOVE | 76           | 0.15   | 7545057  | 60.44  |
| TOTAL           | 51836        | 100.00 | 12483885 | 100.00 |

### 13. Shareholding Pattern as on 31<sup>st</sup> March, 2014:

| Sl. No. | Category   | No. of holders | No. of shares | %      |
|---------|--|----------------|---------------|--------|
| A       | Promoters  | 7              | 2370603       | 18.99  |
| B       | Others   |                |               |        |
| 1       | Residents<br>(individuals/clearing members)        | 51512          | 4968063       | 39.80  |
| 2       | Financial Institutions/<br>Insurance Co./Banks/UTI | 44             | 2788061       | 22.33  |
| 3       | Foreign Institutional Investors                    | -              | -             | -      |
| 4       | Bodies Corporate                                   | 262            | 1795855       | 14.39  |
| 5       | Directors & Relatives                              | 3              | 13247         | 0.10   |
| 6       | Non Resident Indians                               | 1              | 103890        | 0.83   |
| 7       | Trusts   | 7              | 444166        | 3.56   |
|         | Total  | 51836          | 12483885      | 100.00 |

#### 14. Dematerialization of shares:

As on 31<sup>st</sup> March 2014, 53,10,854 equity shares were held in dematerialized form representing about 42.54% 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  
E-mail: mohandas@kotharis.in

#### 16. 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.

While every notice/document will be sent through e-mail address registered with the Company, in case you desire to receive any notice/document in physical form, please intimate by e-mail and the same shall be sent to your address registered with the Company/D.P:.

We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.



## **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 31<sup>st</sup> March, 2014 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: 12.11.2014

**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 31<sup>st</sup> March, 2014, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Chennai  
Date: 12.11.2014

**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 31<sup>st</sup> March, 2014, 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 : 12.11.2014

**A.SEKAR**  
**Partner**  
Membership No.18784

# **Kothari Industrial Corporation Limited**

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
**KOTHARI INDUSTRIAL CORPORATION LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Kothari Industrial Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 13<sup>th</sup> dated September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Basis for Qualified Opinion**

The Company has not provided for the following amounts in the accounts :-

- a) Interest payable to a trade creditor amounting to Rs.161.33 lacs and interest payable on an advance amounting to Rs.74.39 lacs.
- b) Any further amount payable to State Bank of India (Assignee : Kotak Mahindra Bank) in addition to the liability provided for in the books of accounts (grouped under Long-term borrowings) since the said sum has not been finally quantified.
- c) The effect of such non-provision of (a) and (b) above on the profit or loss of the Company as well as on the true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2014 is not ascertainable.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effect/ possible effects of the matters described in the “**Basis for Qualified Opinion**” paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
  - a) Except for the effect of the matters described in para “**Basis for Qualified Opinion**”, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) Except for the matters described in para “**Basis for Qualified Opinion**”, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For M/s. B.B.Naidu & Co.**  
Chartered Accountants  
Firm Reg.No:002291S

(A.Sekar)  
Partner  
Membership No. :18784

Place: Chennai  
Date: 28<sup>th</sup> May 2014

# Kothari Industrial Corporation Limited

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" Section of our report even date.

### 1. In Respect of Fixed Assets:

- a) the company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
- b) as explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c) in our opinion and according to the information and explanations given to us, the company has not disposed off substantial part of its fixed asset during the year and the going concern status is not affected.

### 2. In Respect of Inventories:

- a) inventories have been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
  - b) in our opinion and according to the information and explanations given to us, 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 loans, secured / unsecured, from companies, firms (or) other parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
b) The company has not taken any loans 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, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the aforesaid internal controls.
  5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
b) As per information & explanations given to us and in our opinion, the company has not made any transactions exceeding the value of five lakhs rupees in pursuance of contract or arrangements entered in the register maintained u/s 301 of the Companies Act. 1956.
  6. The Company has not accepted any deposits from public. Hence the directions issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975 do not apply.
  7. In our opinion, the Company has an internal audit system commensurate with the size 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 of India under Section 209(1)(d) of the Companies Act, 1956, and are opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. a) The Company is not regularly depositing undisputed statutory dues including provident fund, service tax, income tax (tax deducted at source), professional tax and property tax.
- b) According to the information and explanations given to us, the extent of arrears outstanding as on 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable, as certified by the Management is as under :-

|                  |       |
|------------------|-------|
| Service Tax      | 18.88 |
| Income Tax (TDS) | 25.50 |
| Provident Fund   | 1.01  |
| Professional Tax | 14.07 |
| Property Tax     | 42.18 |

- c) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Value Added Tax and Cess which have not been deposited on account of disputes are given below.

| Name of the Statute  | Nature of dues | Amount        | Period to which the amount relates | Forum where Dispute is pending            |
|--|----------------|---------------|------------------------------------|---|
| I – Tamilnadu Branch Transfer of Fertilisers Non-receipt of 'C' Forms and Disputed tax on sulphur loan                 | TNGST & CST    | 872.97        | 1988-89 to 1991-92                 | D.C.C.T. Appeals STAT and High Court Stay |
| II – Karnataka Turnover tax on NPK Mixture   | KST            | 3.87          | 1996-97                            | STAT - Stay                               |
| III – Kerala Disputed rate of tax  | KGST           | 0.05          | 2001-02                            | STAT - Stay                               |
|  | Total          | <b>876.89</b> |                                    |   |
| Remanded back to assessing authorities:<br>Branch Transfer of fertilizers, Non-receipt of 'C' Forms and Disputed Taxes | TNGST & CST    | 77.42         | 1985-86 to 1997-98                 | D.C.C.T. Appeals, STAT and High Court     |

- 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 incurred cash loss during the current year as well in the immediate preceding financial year also.
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, debentures and other securities.

## **Kothari Industrial Corporation Limited**

13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
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 any guarantee for loans taken by others from bank or financial institutions during the year.
16. According 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 financial statement of the Company, funds raised on short term basis have, prima facie, not been utilized for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act.
19. During the period covered by our audit report, the Company has not issued any debentures.
20. The Company has not raised any money by way of public issues during the year.
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 M/s. B.B.Naidu & Co.**  
**Chartered Accountants**  
Firm Reg.No:002291S

Place: Chennai  
Date: 28<sup>th</sup> May 2014

**(A.Sekar)**  
Partner  
Membership No. :18784



**KOTHARI INDUSTRIAL CORPORATION LIMITED  
BALANCE SHEET AS AT 31ST MARCH 2014**

| Particulars  | Note No | Rupees in Lacs           |                          |
|--|---------|--------------------------|--------------------------|
|  |         | As at<br>31st March 2014 | As at<br>31st March 2013 |
| <b>I. EQUITY AND LIABILITIES</b>                     |         |                          |                          |
| <b>(1) Shareholders' Funds</b>                       |         |                          |                          |
| Share Capital  | 2       | 624.19                   | 624.19                   |
| Reserves and Surplus                                 | 3       | (528.42)                 | 761.98                   |
| <b>(2) Share application money pending allotment</b> |         | 336.35                   | 336.35                   |
| <b>(3) Non-Current Liabilities</b>                   |         |                          |                          |
| Long-term borrowings                                 | 4       | 1886.17                  | 2041.12                  |
| Deferred tax liabilities (Net)                       |         |                          |                          |
| Other Long term liabilities                          | 5       | 558.85                   | 553.30                   |
| Long-term provisions                                 | 6       | 178.70                   | 175.38                   |
| <b>(4) Current Liabilities</b>                       |         |                          |                          |
| Short-term borrowings                                | 7       | 323.66                   | 460.30                   |
| Trade payables                                       |         | 1353.48                  | 1819.32                  |
| Other current liabilities                            | 8       | 1997.23                  | 1817.86                  |
| <b>Total</b>   |         | <b>6730.21</b>           | <b>8589.80</b>           |
| <b>II. ASSETS</b>                                    |         |                          |                          |
| <b>(1) Non-current assets</b>                        |         |                          |                          |
| <i>Fixed assets</i>                                  |         |                          |                          |
| (i) Tangible assets                                  | 9       | 4108.37                  | 4529.11                  |
| (ii) Intangible assets                               |         | 14.00                    | 0.00                     |
| (ii) Work in Progress                                |         | 0.00                     | 16.47                    |
| Non-current investments                              | 10      | 5.20                     | 5.20                     |
| Deferred tax assets (net)                            |         | 778.03                   | 778.03                   |
| Long term loans and advances                         | 11      | 348.40                   | 1072.82                  |
| Other non-current assets                             | 12      | 0.50                     | 0.50                     |
| <b>(2) Current assets</b>                            |         |                          |                          |
| Inventories  | 13      | 378.33                   | 1159.42                  |
| Trade receivables                                    | 14      | 610.53                   | 501.67                   |
| Cash and cash equivalents                            | 15      | 269.45                   | 288.74                   |
| Short-term loans and advances                        | 16      | 217.40                   | 237.84                   |
| <b>Total</b>   |         | <b>6730.21</b>           | <b>8589.80</b>           |

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

A.Sekar  
Partner  
Membership No.18784

T.Sankaran  
Chief Financial  
Officer

G.Mohan Das  
Company Secretary

Pradip D Kothari  
Chairman &  
Managing Director

K.Santhanam  
Director

Place: Chennai  
Date: 28.05.2014



## KOTHARI INDUSTRIAL CORPORATION LIMITED

### Statement of Profit and Loss for the year ended 31st March, 2014

| Particulars  | Note No | Rupees in Lakhs          |                          |
|--|---------|--------------------------|--------------------------|
|  |         | As at<br>31st March 2014 | As at<br>31st March 2013 |
| Revenue from operations  | 18      | 7871.74                  | 10576.02                 |
| Other Income   | 19      | 489.55                   | 231.17                   |
|  |         | <b>8361.29</b>           | <b>10807.19</b>          |
| <i>Expenses:</i>   |         |                          |                          |
| Cost of materials consumed   | 20      | 1293.34                  | 3816.73                  |
| Purchase of Stock-in-Trade   |         | 4630.27                  | 3841.61                  |
| Changes in inventories of finished goods,<br>work-in-progress and Stock-in-Trade | 21      | 532.03                   | 98.14                    |
| Employee benefits  | 22      | 647.05                   | 749.18                   |
| Financial costs  | 23      | 243.07                   | 232.83                   |
| Depreciation and amortization expense  |         | 53.45                    | 41.61                    |
| Other expenses   | 24      | 1825.33                  | 2243.03                  |
|  |         | <b>9224.54</b>           | <b>11023.13</b>          |
| Profit/(Loss) before exceptional and<br>extraordinary items and tax              |         | (863.25)                 | (215.94)                 |
| Exceptional Items  | 25      | 0.00                     | 6.65                     |
| Profit/(Loss) before extraordinary items and tax                                 |         | (863.25)                 | (209.29)                 |
| Extraordinary Items  |         | 0.00                     | 0.00                     |
| Profit/(Loss) before tax   |         | (863.25)                 | (209.29)                 |
| Tax expense:   |         |                          |                          |
| (1) Current tax  |         | 0.00                     | 0.00                     |
| (2) Deferred tax   |         | 0.00                     | 0.00                     |
| Profit/(Loss) for the year from continuing operations                            |         | (863.25)                 | (209.29)                 |
| Earning per equity share:  |         |                          |                          |
| (1) Basic  |         | (6.91)                   | (1.68)                   |
| (2) Diluted  |         | (6.91)                   | (1.68)                   |

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

A.Sekar  
Partner  
Membership No.18784

T.Sankaran  
Chief Financial  
Officer

G.Mohan Das  
Company Secretary

Pradip D Kothari  
Chairman &  
Managing Director

K.Santhanam  
Director

Place: Chennai  
Date: 28.05.2014

For and on behalf of the Board

## 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 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 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's SSP plant has not been put in operation since May '14. The Company has business plans to utilize the full capacity of super phosphate factory in the coming financial year which would significantly improve profitability. Besides optimum utilization of additional land available at Ennore for certain specified diversified business activity would also 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.

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, 2014 | March 31, 2013 |
|---|----------------|----------------|
| <b>2 Share Capital</b>  |                |                |
| Authorised Share capital<br>5,00,00,000 (31st March 2011: 5,00,00,000)<br>Equity Shares of Rs.5 each    | 2,500.00       | 2,500.00       |
| Issued Share Capital<br>1,58,99,052 (31st March 2011: 1,58,99,052)<br>Equity Shares of Rs.5 each        | 794.95         | 794.95         |
| Subscribed Share Capital<br>1,56,19,052 (31st March 2011: 1,56,19,052)<br>Equity Shares of Rs.5 each    | 780.95         | 780.95         |
| Fully Paid up Share Capital<br>1,24,83,885 (31st March 2011: 1,24,83,885)<br>Equity Shares of Rs.5 each | 624.19         | 624.19         |
| <b>Total</b>  | <b>624.19</b>  | <b>624.19</b>  |

#### (a) Reconciliation of Number of shares

Rupees in Lacs

|   | March 31, 2014    |               |
|---|-------------------|---------------|
|   | No.of Shares      | Amount        |
| <b>Equity Shares</b>                    |                   |               |
| Balance as at the beginning of the year | 12,483,885        | 624.19        |
| Balance as at the end of the year       | <b>12,483,885</b> | <b>624.19</b> |

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

Rupees in Lacs

|                            | Percentage | March 31, 2014  |
|----------------------------|------------|-----------------|
| <b>Equity Shares</b>       |            |                 |
| Life Insurance Corporation | 11.79%     | 7358395         |
| Mr. P.D.Kothari            | 10.94%     | 6831440         |
| <b>Total</b>               |            | <b>14189835</b> |

## 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.

|            |                                      | <b>Rupees in Lacs</b> |                       |
|------------|--------------------------------------|-----------------------|-----------------------|
|            |                                      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
| <b>3</b>   | <b>Reserves and Surplus</b>          |                       |                       |
|            | Capital Reserves                     | 65.85                 | 65.85                 |
|            | Capital Redemption Reserves          | 18.00                 | 18.00                 |
|            | Revaluation Reserves                 | 2714.07               | 3141.22               |
|            | Deficit                              | (3326.34)             | (2463.09)             |
|            | <b>Total</b>                         | <b>(528.42)</b>       | <b>761.98</b>         |
| <b>3.1</b> | <b>Capital Reserves</b>              |                       |                       |
|            | Balance at the beginning of the year | 65.85                 | 65.85                 |
|            | Balance as at the end of the year    | <b>65.85</b>          | <b>65.85</b>          |
| <b>3.2</b> | <b>Capital Redemption Reserves</b>   |                       |                       |
|            | Balance at the beginning of the year | 18.00                 | 18.00                 |
|            | Balance as at the end of the year    | <b>18.00</b>          | <b>18.00</b>          |
| <b>3.3</b> | <b>Revaluation Reserves</b>          |                       |                       |
|            | Balance at the beginning of the year | 3141.22               | 3615.91               |
|            | Add: Additions during the year       | -                     | -                     |
|            | Less : Appropriations                | 427.15                | 474.69                |
|            | Balance as at the end of the year    | <b>2714.07</b>        | <b>3141.22</b>        |
| <b>3.5</b> | <b>Deficit:</b>                      |                       |                       |
|            | Balance at the beginning of the year | (2463.09)             | (2253.80)             |
|            | Profit/(Loss) for the year           | (863.25)              | (209.29)              |
|            | Less : Appropriations                | -                     | -                     |
|            | Deficit as at the end of the year    | <b>(3326.34)</b>      | <b>(2463.09)</b>      |
| <b>4</b>   | <b>Long-term borrowings</b>          |                       |                       |
|            | Secured Term Loans                   |                       |                       |
|            | - From Banks                         | 1613.83               | 1605.65               |
|            | - From Other                         | 272.34                | 435.47                |
|            | <b>Total</b>                         | <b>1886.17</b>        | <b>2041.12</b>        |

## Kothari Industrial Corporation Limited

- 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.

|                                      | <b>Rupees in Lacs</b> |                       |
|--------------------------------------|-----------------------|-----------------------|
|                                      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
| <b>5 Other long term liabilities</b> |                       |                       |
| Super Annuation Fund                 | 54.94                 | 49.38                 |
| Others                               | 503.91                | 503.92                |
| <b>Total</b>                         | <b>558.85</b>         | <b>553.30</b>         |
|                                      | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
| <b>6 Long-term provisions</b>        |                       |                       |
| Provision for Gratuity               | 178.70                | 175.38                |
| <b>Total</b>                         | <b>178.70</b>         | <b>175.38</b>         |

- 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       | 316.33        | 452.97        |
| <b>Total</b>              | <b>323.66</b> | <b>460.30</b> |

### 8 Other current liabilities

|  |                |                |
|--|----------------|----------------|
| Current maturities of long term debt   | 18.02          | 12.01          |
| Interest accrued and due on borrowings | 33.30          | 35.02          |
| Unclaimed Dividends                    | 6.98           | 6.98           |
| Rent Deposit                           | 197.30         | 131.78         |
| Statutory dues including PF and TDS    | 184.95         | 188.41         |
| Salaries & Wages Payable               | 113.19         | 57.85          |
| Other payables                         | 1443.49        | 1385.81        |
| <b>Total</b>                           | <b>1997.23</b> | <b>1817.86</b> |

- 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

Rupees in Lacs

| Assets                                 | Gross Block    |              |              |                | Depreciation   |               |              |                | Net Block      |                |
|--|----------------|--------------|--------------|----------------|----------------|---------------|--------------|----------------|----------------|----------------|
|  | April 1, 2013  | Addition     | Disposal     | March 31, 2014 | April 1, 2013  | Addition      | Disposal     | March 31, 2014 | March 31, 2014 | March 31, 2013 |
| Land                                   | 8.56           |              | 0.00         | 8.56           | 0.00           |               | 0.00         | 0.00           | 8.56           | 8.56           |
| Buildings                              | 6464.23        |              | 0.00         | 6464.23        | 2163.19        | 430.10        | 0.00         | 2593.29        | 3870.94        | 4301.04        |
| Plant & Machinery                      | 803.25         | 2.69         | 0.41         | 805.53         | 640.27         | 21.12         | 0.33         | 661.06         | 144.47         | 162.98         |
| Furniture & Fittings                   | 111.90         | 2.39         | 0.43         | 113.86         | 92.39          | 2.65          | 0.18         | 94.86          | 19.00          | 19.51          |
| Vehicles                               | 134.46         | 55.80        | 22.17        | 168.09         | 97.44          | 20.72         | 15.47        | 102.69         | 65.40          | 37.02          |
| <b>March 31, 2014</b>                  | <b>7522.40</b> | <b>60.88</b> | <b>23.01</b> | <b>7560.27</b> | <b>2993.29</b> | <b>474.59</b> | <b>15.98</b> | <b>3451.90</b> | <b>4108.37</b> | <b>4529.11</b> |
| <b>March 31, 2013</b>                  | <b>7476.71</b> | <b>45.69</b> | <b>0.00</b>  | <b>7522.40</b> | <b>2477.03</b> | <b>516.27</b> | <b>0.00</b>  | <b>2993.30</b> | <b>4529.11</b> | <b>4999.68</b> |
| 9(a) Intangible Assets<br>SAP Software | 0              | 20.01        | 0            | 20.01          | 0              | 6.01          | 0            | 6.01           | 14.00          | 0              |

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### 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.

## Kothari Industrial Corporation Limited

|  | March 31, 2014 | Rupees in Lacs<br>March 31, 2013 |
|--|----------------|----------------------------------|
| <b>10 Non-current investments</b>                                  |                |                                  |
| Investments in Equity instruments                                  |                |                                  |
| - 52000 shares of Katiken Logistics Ltd<br>@ Rs. 10 each           | 5.20           | 5.20                             |
| <b>Total</b>   | <b>5.20</b>    | <b>5.20</b>                      |
| <b>11 Long Term Loans and Advances</b>                             |                |                                  |
| Secured considered good  |                |                                  |
| Security Deposits  | 102.85         | 105.67                           |
| -Rental Deposit  | 14.03          | 12.03                            |
| Advances recoverable in cash or in kind                            | 26.97          | 43.68                            |
| Other loans & advances   |                |                                  |
| - Prepaid expenses   | 0.70           | 0.75                             |
| - Balances with Govt. Authorities                                  | 203.85         | 910.69                           |
| - Others   | -              | -                                |
| Sub Total  | 204.55         | 911.44                           |
| <b>Total</b>   | <b>348.40</b>  | <b>1,072.82</b>                  |
| <b>12 Other non-current assets</b>                                 |                |                                  |
| Others   |                |                                  |
| Long term deposits with Banks with<br>maturity more than 12 months | 0.50           | 0.50                             |
| <b>Total</b>   | <b>0.50</b>    | <b>0.50</b>                      |
| <b>13 Inventories</b>  |                |                                  |
| Raw materials  | -              | 227.54                           |
| Finished goods   | 160.64         | 402.07                           |
| Stock in trade(Land)   | 194.00         | 484.60                           |
| Packing Materials  | 23.69          | 45.21                            |
| <b>Total</b>   | <b>378.33</b>  | <b>1,159.42</b>                  |

|   | March 31, 2014 | Rupees in Lacs<br>March 31, 2013 |
|---|----------------|----------------------------------|
| <b>Details of Finished Goods Inventory</b>  |                |                                  |
| <b>13.1 Particulars</b>   |                |                                  |
| (i) Goods Manufactured  |                |                                  |
| - SSP   | -              | 46.16                            |
| - NPK Mixtures  | 10.97          | 3.97                             |
| (ii) Details of Traded goods  |                |                                  |
| - Agro Products   | 5.19           | 53.86                            |
| - Micro & Bio Products  | 30.67          | 25.86                            |
| - ST. Fertilisers   | 84.00          | 189.46                           |
| - NPK Mixtures  | 26.53          | 80.27                            |
| - Pesticides  | 3.28           | 2.49                             |
| <b>Total</b>  | <b>160.64</b>  | <b>402.07</b>                    |
| <b>14 Trade receivables</b>   |                |                                  |
| Unsecured, considered good  |                |                                  |
| -Outstanding for a period exceeding 6 months from the date they are due for payment | 90.32          | 69.33                            |
| -Others   | 520.21         | 427.10                           |
| Unsecured, considered doubtful  |                |                                  |
| -Outstanding for a period exceeding 6 months from the date they are due for payment | -              | 5.24                             |
| <b>Total</b>  | <b>610.53</b>  | <b>501.67</b>                    |
| <b>15 Cash and cash equivalents</b>   |                |                                  |
| Balances with banks   |                |                                  |
| - In current account  | 248.04         | 277.40                           |
| Cash in hand  | 21.41          | 11.34                            |
| <b>Total</b>  | <b>269.45</b>  | <b>288.74</b>                    |
| <b>16 Short term loans and advances</b>   |                |                                  |
| Loans and advances unsecured and considered good                                    |                |                                  |
| -Advance Income tax   | 122.03         | 164.19                           |
|   | 95.37          | 73.65                            |
| <b>Total</b>  | <b>217.40</b>  | <b>237.84</b>                    |



## Kothari Industrial Corporation Limited

|   | Rupees in Lacs         |                         |
|---|------------------------|-------------------------|
|   | March 31, 2014         | March 31, 2013          |
| <b>17 Contingent liabilities and commitments</b>  |                        |                         |
| <b>(to the extent not provided for)</b>   |                        |                         |
| Contingent liabilities  |                        |                         |
| (a) 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  | 117.00                 | 84.07                   |
| - Duty on non-fulfilment of Export Obligations  | 153.00                 | 153.00                  |
| - 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 |                        |                         |
| (b) (i) With regard to interest of Rs.161.33 lakhs claimed by an trade creditor, the company has since disputed the basis of the claim and the company proposes to settle the matter through negotiation.   |                        |                         |
| (ii) With regard to another creditor who has claimed an interest of Rs.74.39 lakhs, there is disagreement with respect to the rate of interest and this matter is expected to be resolved shortly.  |                        |                         |
| (iii) The claim of interest from Bank i.e., State Bank of India (assignee Kotak Mahindra Bank Ltd) on the principal amount outstanding is subject of reference to Debt Recovery Tribunal (DRT) and pending direction from the Recovery Authority, the loan interest is not quantifiable at present.       |                        |                         |
| <b>18 Revenue from Operations</b>   |                        |                         |
| <b>(for companies other than a finance company)</b>   |                        |                         |
| Revenue from - Sale of Fertilisers  | 7,886.34               | 10,619.89               |
| Less: Excise Duty   | 14.60                  | 43.87                   |
| <b>Total</b>  | <b><u>7,871.74</u></b> | <b><u>10,576.02</u></b> |

|   | <b>March 31, 2014</b> | <b>Rupees in Lacs<br/>March 31, 2013</b> |
|---|-----------------------|--|
| <b>18.1 (i) Details of Sales (Finished goods)</b>                     |                       |  |
| - SSP   | 217.83                | 3,834.61                                 |
| - NPK Mixtures  | 1,942.81              | 1,667.74                                 |
| <b>(ii) Details of Sales (Traded goods)</b>                           |                       |  |
| - Agro Products   | 33.70                 | 218.35                                   |
| - Micro & Bio Products  | 350.72                | 354.78                                   |
| - ST. Fertilisers   | 2,960.85              | 1,750.26                                 |
| - NPK Mixtures  | 1,893.04              | 2,442.11                                 |
| - Sugar Sales   | -                     | 19.15                                    |
| - Pesticides  | 487.39                | 332.89                                   |
| <b>Total</b>  | <b>7,886.34</b>       | <b>10,619.89</b>                         |
| <b>19 Other Income</b>  |                       |  |
| Interest on Deposits  | -                     | 1.08                                     |
| Interest received others  | 0.46                  | 0.27                                     |
| Lease Rental Receipts   | 207.19                | 153.21                                   |
| Dividend income   | 0.05                  | 0.04                                     |
| Receipts on Sale of Land  | 272.34                | 21.24                                    |
| Receipts on Sale of Flat  | -                     | 21.00                                    |
| Other non-operating income  |                       |  |
| - Other Income  | 9.51                  | 34.33                                    |
| <b>Total</b>  | <b>489.55</b>         | <b>231.17</b>                            |
| <b>20 Cost of Materials consumed</b>                                  |                       |  |
| Raw materials consumed  |                       |  |
| Opening stock   | 227.54                | 1188.71                                  |
| Add: Purchases (Net)  | 1,065.80              | 2855.56                                  |
| Less: Inventory at the end of the year                                | -                     | 227.54                                   |
| <b>Cost of Materials consumed during the year</b>                     | <b>1,293.34</b>       | <b>3816.73</b>                           |
| <b>Total</b>  | <b>1,293.34</b>       | <b>3816.73</b>                           |
| <b>21 Changes in inventory of finished goods and Work in progress</b> |                       |  |
| (Increase)/decrease in stock  |                       |  |
| Stock at the end of the year:   |                       |  |
| Finished goods  | 160.64                | 402.07                                   |
| Land held as stock-in-Trade   | 194.00                | 484.60                                   |
| Total A   | 354.64                | 886.67                                   |
| Stock at the beginning of the year:                                   |                       |  |
| Finished goods  | 402.07                | 559.83                                   |
| Land converted into Stock-in-Trade                                    | 484.60                | 424.98                                   |
| Total B   | 886.67                | 984.81                                   |
| <b>Total</b>  | <b>532.03</b>         | <b>98.14</b>                             |

## Kothari Industrial Corporation Limited

|   | Rupees in Lacs  |                 |
|---|-----------------|-----------------|
|   | March 31, 2014  | March 31, 2013  |
| <b>22 Employee Expense</b>                  |                 |                 |
| Salaries and wages                          | 560.71          | 589.01          |
| Contribution to PF                          | 47.34           | 42.49           |
| Contribution to Gratuity                    | -               | 69.97           |
| Staff welfare expenses                      | 39.00           | 47.71           |
| <b>Total</b>                                | <b>647.05</b>   | <b>749.18</b>   |
| <b>23 Finance Costs</b>                     |                 |                 |
| Interest                                    | 168.44          | 192.68          |
| Other borrowing costs                       | 74.63           | 40.15           |
| <b>Total</b>                                | <b>243.07</b>   | <b>232.83</b>   |
| <b>24 Other Expenses</b>                    |                 |                 |
| Consumption of stores and Packing Materials | 152.95          | 215.57          |
| Power and fuel                              | 26.60           | 65.78           |
| Rent  | 75.48           | 57.83           |
| Audit Fees                                  |                 |                 |
| - Statutory Audit                           | 3.00            | 3.00            |
| - Tax Audit                                 | 1.50            | 1.50            |
| - Cost Audit                                | 1.06            | 0.79            |
| Repairs to buildings                        | 21.44           | 11.21           |
| Repairs to machinery                        | 48.42           | 61.19           |
| Repairs others                              | -               | 12.22           |
| Director Sitting Fee                        | 0.80            | 1.10            |
| Insurance                                   | 8.74            | 15.08           |
| Rates & Taxes                               | 6.56            | 2.98            |
| Travelling expenses                         | 118.52          | 145.70          |
| Professional Charges                        | 43.12           | 39.98           |
| Selling Expenses                            | 681.54          | 827.56          |
| Foreign Exchange Loss                       | 87.56           | 139.56          |
| Other Manufacturing expenses                | 363.08          | 461.98          |
| Other Expenses                              | 184.96          | 180.00          |
| <b>Total</b>                                | <b>1,825.33</b> | <b>2,243.03</b> |
| <b>25 Exceptional Items</b>                 |                 |                 |
| Debit / Credit of Earlier Years             | -               | 6.65            |
| <b>Total</b>                                | <b>-</b>        | <b>6.65</b>     |

**26 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 Pandit, D/o.Chairman and Managing Director has been working in 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
- (v) Particulars of Transactions
- | Nature of Transaction                      | Amount(Rs. in lakhs) |
|--|----------------------|
| Purchase of Raw Materials & finished goods | 1,921.68             |
- Amount of Rs. 63.12 lakhs is outstanding as on 31st March, 2014  
from M/s. Kothari (Madras) International Ltd  
Remuneration paid to Mrs.Antara Kothari Rs.3.30 Lacs

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

|   | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|---|-----------------------|-----------------------|
| Number of shares of Rs.5/- each               | 12,483,885            | 12,483,885            |
| Basic & Diluted Earnings(in Rupees) per Share | (6.91)                | (1.68)                |

**28** As per the records and information available with the company there are no amounts outstanding as on 31st March, 2014 payable to :

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

**29** 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

**30** 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 2013-14      | : | For 2012-13     |  |
|---|------------------|---|-----------------|--|
|   | Rs LACS          | : | Rs LACS         |  |
| <b>A)CASH FLOW FROM OPERATING ACTIVITIES</b>                |                  |   |                 |  |
| NETT PROFIT/(LOSS) BEFORE TAX                               | (863.25)         | : | (209.29)        |  |
| ADD:  |                  | : |                 |  |
| DEPRECIATION FOR THE YEAR AFTER ADJ.                        | 53.45            | : | 41.61           |  |
|   | <u>(809.81)</u>  | : | <u>(167.68)</u> |  |
| LESS:   |                  | : |                 |  |
| PROFIT ON SALE OF FIXED ASSETS                              | 272.34           | : | -               |  |
| INTEREST RECEIPTS   | -                | : | 1.35            |  |
| DIVIDENDS   | <u>0.05</u>      | : | <u>0.04</u>     |  |
|   | 272.39           | : | 1.38            |  |
|   | <u>(1082.20)</u> | : | <u>(169.07)</u> |  |
| <b>LESS: INCREASE IN CURRENT ASSETS/CURRENT LIABILITIES</b> |                  | : |                 |  |
| INVENTORIES   | 781.09           | : | 1053.89         |  |
| SUNDRY DEBTORS  | (108.87)         | : | 104.26          |  |
| LOANS AND ADVANCES  | <u>744.86</u>    | : | <u>219.05</u>   |  |
|   | 1417.09          | : | 1377.20         |  |
| CURRENT LIABILITIES AND PROVISIONS                          | <u>277.59</u>    | : | <u>1019.37</u>  |  |
|   | <u>(1139.49)</u> | : | <u>(357.84)</u> |  |
| CASH FLOW   | 57.30            | : | 188.77          |  |
| NET CASH FROM OPERATING ACTIVITIES (A)                      | 57.30            | : | 188.77          |  |
| <b>B)CASH FLOW FROM INVESTING ACTIVITIES</b>                |                  |   |                 |  |
| INFLOW  |                  | : |                 |  |
| INTEREST RECEIPTS   | -                | : | 1.35            |  |
| SALE OF LAND  | -                | : | -               |  |
| DIVIDENDS   | 0.05             | : | 0.04            |  |
| PROFIT ON SALE OF FIXED ASSETS                              | <u>272.34</u>    | : | <u>-</u>        |  |
|   | 272.39           | : | 1.38            |  |

| <b>OUTFLOW</b>   | <b>Rs. LACS</b> | : | <b>Rs. LACS</b> |
|--|-----------------|---|-----------------|
| NETT INCREASE IN FIXED ASSETS  | <b>57.38</b>    | : | 62.16           |
| DEFFERED REVENUE EXPENSES  | -               | : | -               |
| NETT INCREASE IN INVESTMENTS   | <u>-</u>        | : | <u>(0.09)</u>   |
|  | <b>57.38</b>    | : | <b>62.07</b>    |
| NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)   | <b>215.01</b>   | : | (60.68)         |
| <b>C)CASH FLOW FROM FINANCING ACTIVITIES</b>   |                 | : |                 |
| RESERVES   |                 | : |                 |
| LOAN FUNDS   | <b>(291.59)</b> | : | <u>(222.62)</u> |
| SHARE APPLICATION MONEY  |                 | : |                 |
| NET CASH FLOW FROM FINANCING ACTIVITIES (C)  | <b>(291.59)</b> | : | <u>(222.62)</u> |
| NETT INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)                                     | <b>(19.29)</b>  | : | <u>(94.53)</u>  |
| CASH AND CASH EQUIVALENT OPENING BALANCE   | <b>288.74</b>   | : | -               |
| LESS : BANK BALANCES NOT CONSIDERED AS CASH AND<br>CASH EQUIVALENTS AS DEFINED IN AS 3 |                 | : |                 |
|  | <u>288.74</u>   | : | <u>-</u>        |
| CASH AND CASH EQUIVALENT CLOSING BALANCE   | <b>269.45</b>   | : | <u>288.74</u>   |
|  | <b>(19.29)</b>  | : | <b>288.74</b>   |

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For and on behalf of the Board

Place : Chennai  
Date : 28.05.2014

T. SANKARAN  
Chief Financial Officer

PRADIP D.KOTHARI  
Chairman &  
Managing Director

K. SANTHANAM  
Director





**KOTHARI INDUSTRIAL CORPORATION LIMITED**

CIN: L24110TN1970PLC005865

Registered Office: "Kothari Buildings"

114/117, Mahatma Gandhi Salai, Nungambakkam, Chennai 600 034

Tel.no.+91 44 2833 4565 email: [Mohandas@kotharis.in](mailto:Mohandas@kotharis.in) website: [www.kotharis.in](http://www.kotharis.in)

**PROXY FORM**

**Folio No. / Depository A/c.No. :**

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

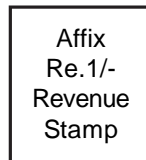
|                                   |                                   |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|
| 1.Name                            | 2.Name                            | 3 Name                            |
| Address                           | Address                           | Address                           |
| E-mail Id                         | E-mail Id                         | E-mail Id                         |
| Signature :<br>Or failing him/her | Signature :<br>Or failing him/her | Signature :<br>Or failing him/her |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 30<sup>th</sup> December 2014 at Chennai and at any adjournment thereof.

Signed this ..... day of ..... 2014.

Name: .....

Address:.....



Signature of the Proxy

Signature of the Shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before commencement of the Meeting. The proxy need not be a Member of the company.