



## 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 46<sup>th</sup> Annual General Meeting of the Company will be held at 9.30 a.m. on Thursday the 28<sup>th</sup> September 2017 at company's Super Phosphate Factory situated at Kathivakkam Village, Ennore, Chennai 600057, 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, 2016 and the Balance Sheet as at that date together with the Auditors' Report and the Directors' Report be and are hereby adopted."

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

"RESOLVED THAT pursuant to the provisions of Section 139(8) and the other applicable provisions, if any, of the Companies Act, 2013 the appointment of M/s.Arockiasamy & Raj, Chartered Accountants (Regn.No.006850S), having their office at New No.2, Old no.33, 1<sup>st</sup> Floor, 2<sup>nd</sup> Cross Street, CIT Nagar West, Chennai 600035, as Statutory Auditors of the company be and are hereby ratified and they will hold office until the conclusion of the ensuing Annual General Meeting."

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

"RESOLVED THAT M/s. Arockiasamy & Raj, Chartered Accountants (Regn.No.006850S), Chennai, be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of two years from the conclusion of this 46<sup>th</sup> Annual General Meeting until the conclusion of the 48<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."

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

"RESOLVED THAT Mrs.Surekha P Kothari (DIN05131936) who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr.J.Rafiq Ahmed (DIN02861341) who has been appointed on 21<sup>st</sup> April 2017 as an Additional Director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

#### SPECIAL BUSINESS

**6. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED THAT approval and consent of the members of the Company be and is hereby accorded to give the company's fertilizer factory at Ennore near Chennai, on lease for manufacturing Single Super Phosphate(SSP) with all plant and machinery and other accessories fully required for the manufacturing process, to M/s.Gemini Fertilizers having their office at 114, Mahatma Gandhi Salai, Kothari Building 4<sup>th</sup> Floor, Nungambakkam, Chennai – 600034, for a period of 10 years commencing from 1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2025 on a monthly rental of Rs.1,00,000/- and a sum of Rs.115/- payable for every MT of SSP produced and also salary to the employees of Kothari Industrial Corporation Limited working in both Head Office and Factory with the power to the Board of Directors to amend the terms of lease with mutual consent of the lessee in the best interest of the company and its shareholders."

**7. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:**

“RESOLVED THAT the consent of the members be and is hereby accorded under Section 180(1)(c) of the Companies Act, 2013 to borrow a sum not exceeding Rs.100 crores (Rupees one hundred crores only) in aggregate notwithstanding from any individual, firm, banks, financial institutions, bodies corporate or business associates etc., in excess of paid up capital and free reserves of the Company.”

(By Order of the Board)

**For KOTHARI INDUSTRIAL CORPORATION LIMITED**

**Place: Chennai**

**PRADIP D KOTHARI**

**Date : 31.05.2017**

**Chairman of the Board**

**Important Notes:-**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 26<sup>th</sup> September 2017 to Thursday the 28<sup>th</sup> September 2017 (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. During the period beginning 24 hours before the time fixed of the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of the notice in writing is given to the Company.
4. Under Section 125(1) of the Companies Act, 2013, 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.

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8. Electronic copy of the Full Version of the Annual Report for the year 2015-16 and the notice of the 46<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)

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 46<sup>th</sup> AGM. The Company has engaged the services of Central Depository Services Limited (CDSL) for this purpose.

#### **The instructions for shareholders voting electronically are as under:**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25<sup>th</sup> September 2017 at 09.00 a.m. and ends on 27<sup>th</sup> September 2017 at 05.00 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) of 21<sup>st</sup> September 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Address / Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name "KOTHARI INDUSTRIAL CORPORATION LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 18002005533.
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. RakeshDalvi, Deputy Manager, (CDSL, ) Central

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Depository Services (India) Limited, 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001, or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 18002005533.

11. Mr.R. Srinivasan, Practising Company Secretary, Email id: momu18@gmail.com, Mobile No. : 98401 58156 has been appointed as the Scrutinizer to scrutinize the e-voting as well as physical ballot process in a fair and transparent manner.
12. The Scrutinizer shall within a period of 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 of the company.
13. The result shall be declared after remote E-voting and physical ballot after the AGM of the Company and the resolutions will be deemed to be passed on the date of AGM of the Company subject to the receipt of requisite number of votes in favour of the resolution. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kotharis.in](http://www.kotharis.in) and on the website of CDSL and communicated to the Stock Exchange.
14. 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.
15. 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.
16. Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System.
17. 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.
18. 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.
19. 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.
20. Members/Proxies/Authorised Representatives are requested to bring the copy of the Annual Report for the AGM.

### ANNEXURE TO THE NOTICE

#### Particulars of the Director seeking Reappointment / Appointment in the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of the Director	Mrs.Surekha P Kothari (DIN05131936)
Date of Appointment	19.09.2011
Qualification	M.A.
Expertise	Management Expert
Directorships in other companies	Nil
Membership / Chairman in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	111323 equity shares

Name of the Director	Mr.J.Rafiq Ahmed (DIN 02861341)
Date of Appointment	21.04.2017
Qualification	B.Com.
Expertise	Business men
<b>Directorships in other companies</b>	<b>As listed below</b>
Gemini Iron and Steel Private Limited	Director
Max Speed Freight & Logistics Private Limited	Director
Ton Ventures Private Limited	Director
Abra Hotels Private Limited	Director
Technobeans IT Solutions Private Limited	Director
Interactive Creation Limited	Director
Parveen Roadways Private Limited	Director
Abra Industries Private Limited	Director
Topguard International Security Force Private Limited	Director
Gemini Legal Consultants Private Limited	Director
Terra Green Agritech Ventures Private Limited	Director
Kothari Gemini Agro Industries	Partner
Parveen Roadways	Proprietor
Parveen Steel Re-Rolling Mill	Proprietor
Gemini Fertilizers	Proprietor
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:**

**SPECIAL BUSINESS**

**In respect of Item No.6:**

At the meeting of the Board of Directors held on 30.12.2014 the Chairman informed the members that in view of the inadequacy of working capital requirement, the Company has not been able to run the SSP plant situated at Ennore from April 2013. Further, the Company has not been enjoying any credit facilities from banks/institutions. The Chairman informed that keeping the machinery idle could not be possible in the interest of the company and hence at the recommendation of the Chairman the Board of Directors decided to give the factory along with all its plant and machinery on lease for production of SSP to M/s.Gemini Fertilizers who had evinced interest in running of the factory. It was unanimously agreed that the lease

period would be for a period of 10 years commencing from 1<sup>st</sup> January 2015 to 31<sup>st</sup> December 2025 and the monthly rental will be Rs.1,00,000/- per month. Further, a sum of Rs.115/- will be paid for every MT of SSP produced by the said Gemini Fertilizers net of all expenses including salary to the employees of Kothari Industrial Corporation Limited working in both Head Office and Factory. It is a condition precedent that the assigned land admeasuring about 40 acres at Ennore could be retained only if the factory is in continuous production of fertilizers,else the land will be forcibly taken over by the Government of Tamilnadu. The company also has to incur lot of fixed expenses under various heads to the tune Rs.10.00 lakhs per month without any production. In the present circumstances the company is not in a position to infuse any more funds to run the factory. More over the condition of the machineries are deteriorating due to absence of periodical maintenance. The investor is infusing funds as and when required. The

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Board would ensure that the terms would be modified going forward to ensure that the interest of the company and its members are protected with the mutual consent of the lessee. The investor invested around Rs.200.00 lakhs to restart the factory. The factory restarted its production in June 2015 and the company has recognized the income arising out of the operations of the factory.

### **In respect of Item No.7:**

As the factory building and machineries are several decades old. It is inoperative that the building must be strengthened with extra space to be constructed to hold the inventory expanding business necessitating bulk import of rock phosphate. Further, modern machinery has to be installed in the place of present worn out machinery. Due to erosion of land at Ennore, due to high tidal waves the entire compound wall around the factory will have to be strengthened including increasing

height of the walls. All these significant expenditure is estimated to cost not less than Rs.100 crores for which approval is being sought. However, as and when capital expenditure is proposed to be incurred there would be specific approval of the board recording the justification thereof.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the resolutions.

(By Order of the Board)

**For KOTHARI INDUSTRIAL CORPORATION LIMITED**

**Place: Chennai**  
**Date :31.05.2017**

**PRADIP D KOTHARI**  
**Chairman of the Board**

## REPORT OF THE DIRECTORS

Your Directors present herewith the Forty-sixth Annual Report on the performance of the Company along with the Audited Balance Sheet and Statement of Profit and Loss for the Financial Year ended 31<sup>st</sup> March, 2016.

### Summary of Financial

Results are as follows:

(Rupees in Lakhs)

	<u>2015-16</u>	<u>2014-15</u>
Turnover/ Income from Services	5050.53	5386.60
Profit/(Loss) before Interest and Depreciation	(57.95)	(421.47)
Interest and Finance Charges	2.92	47.10
Profit / (Loss) before Depreciation	(60.87)	(468.57)
Exceptional Items	-	75.10
Depreciation	506.25	44.80
Taxation	-	-
Loss for the year carried to Balance Sheet	(567.12)	(588.47)

### DIVIDEND

In view of the continued losses, the Directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March, 2016.

### OPERATIONS:

The Turnover of NPK Mixtures, Straight fertilizers and Trading activities was Rs.4835.63 lakhs as compared to Rs.5188.16lakhs in the previous year. The Single Super Phosphate factory given on lease to M/s.Gemini Fertilizers was restarted and has produced 12666 MT during the year ended 31<sup>st</sup> March 2016 as compared to Nil production during the previous year.

### FUTURE PROSPECTS:

Gemini Fertilizers have restarted the Single Super Phosphate Plant since 1<sup>st</sup> June 2015 under a lease

agreement. Gemini Fertilizers will be injecting the necessary fixed and working capital. 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 infrastructure facilities and with the involvement of M/s.Gemini Fertilizers, who had promised to meet the need based working capital requirement from time to time.

### INDUSTRY OUTLOOK

Fertilizers are an essential component of modern agriculture. The balanced use of Chemical fertilizers is important not only for increasing the agricultural productivity but also for sustaining soil fertility. The consumption NPK ratio also has changed over a period of time. It is expected that the consumption of fertilizers will show an increased trend in the coming years and the demand for NPK Mixtures picked up with the Nutrient Based Subsidy Scheme in vogue. This will help all fertilizer companies to get benefited, since the level playing field has already been created by the Government. Your company is planning to improve its sales with better distribution facilities available and by leveraging the "Horse Brand".

### DIRECTORS:

Mrs.Surekha P Kothari being Non-Independent Woman Director is liable to retire by rotation as per the provisions of the Companies Act 2013. Hence, her appointment is proposed at the ensuing 46<sup>th</sup> Annual General Meeting.

Mr.J.Rafiq Ahmed the erstwhile investor has since been appointed as an Additional Director of the Company on 21<sup>st</sup> April 2017 to hold office till the Annual General Meeting, liable to retire by rotation.

### COMPANY SECRETARY:

The Company Secretary retired on 31<sup>st</sup> March 2016. A successor was appointed on 5<sup>th</sup> December 2016 who left the services of the Company on 31<sup>st</sup> March 2017. The Company is on the look out for a suitable successor.



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### **BOARD MEETINGS:**

During the year 9 Board Meetings and One Audit Committee Meeting was held, the details of which are given in the Corporate Governance Report. The intervening gap between two meetings was within the period as prescribed under the Companies Act, 2013.

### **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee.

Pursuance to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a Separate Meeting of Independent Directors was held during the year, in which the Independent Directors evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

#### **The Directors confirm that:-**

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.
- c) There is a system for internal financial control and management. The Company has engaged an experienced professional to exercise strict financial discipline.
- d) 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- e) They have prepared the annual accounts on a going concern basis.
- f) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls though adequate are being strengthened to operate effectively; and
- g) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and being strengthened to operate effectively, excepting for certain procedural delays.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT:**

There are no significant and material orders passed by the Regulators or Court that would impact the going concern status of the company.

### **INTERNAL FINANCIAL CONTROLS:**

The company have adequate internal financial controls and are being further strengthened. A new Chief Financial Officer has since been appointed.

### **MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

No material changes and commitments affecting the financial position of the company occurred.

### **LISTING:**

The Company has received In-Principle approval from the Bombay Stock Exchange for revoking the 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 completing such formalities.

**SHARE CAPITAL:**

The paid up equity share capital as on 31<sup>st</sup> March 2015 was Rs.624.19. During the year under review, the Company in accordance with the approval of the shareholders at the 39<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> December 2009 has allotted 66,27,000 equity shares of Rs.5/- each amounting to Rs.331.35 lakhs to promoters and associates on private placement basis. The said allotment is in accordance with the amended provisions of the Companies Act 2013. The resultant paid-up equity share capital stands at Rs.955.54 lakhs as on 31<sup>st</sup> March 2016.

**DEPOSITS:**

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

**RELATED PARTY TRANSACTIONS:**

There were no 'material' contracts or arrangements or transactions which were not at arm's length basis and therefore disclosure in form AOC-2 is not required.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO**

The information as required under Sec.134(3)(M) of the Companies Act, 2013 read with Companies Account Rules, 2014 are furnished in Annexure-A.

**EXTRACT OF ANNUAL RETURN:**

As required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed with this Report as Annexure – B

**MANAGEMENT DISCUSSION AND ANALYSIS & 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 Management Discussion and Analysis Report along with the Corporate Governance are attached and form part of the Annual Report (Annexures – C&D).

Further as required under Section 134(3)(c) of the Companies Act, 2013, the Directors' Responsibility Statement is also attached to this Report.

**AUDITORS:**

The Auditors, M/s.N.Ganesan associates, Chartered Accountants, Chennai, had been appointed as the Auditors of the company for a period of 5 years at the 45<sup>th</sup> Annual General Meeting. Due to unavoidable circumstances M/ s.N.Ganesan associates have submitted their resignation in November 2016. The Board in order to fill up the casual vacancy so caused have appointed M/s.Arockiasamy& Raj, Chartered Accountants, Chennai, who will hold office till the conclusion of ensuing Annual General Meeting. It is proposed to re-appoint the same firm of auditors for a further period of two years.

With regard to certain observations in the audit report, the Company's replies thereto are contained in the respective financial notes. However, as a matter of elucidation, the Company's detailed replies are furnished below:

As explained in Note no.4.2 & 4.3 to the Accounts, State Bank of India & HDFC Bank have referred the matter of recovery of the dues to Debt Recovery Tribunal(DRT), Chennai and pending adjudication of the matter, the quantum of interest is not ascertainable at present and therefore not considered in the Accounts.

A Lease Agreement of the Fertilizer Factory was necessitated to restart the operations on continuous basis. Such operation of the Fertilizer Factory is a condition precedent to retention of the assigned land. This was paramount in the interest of the company and the lessee has taken upon itself the entire running of the factory including infusion of the working capital, payment of the

## **Kothari Industrial Corporation Limited**

entire work force including supervisory staff, maintenance of plant & machinery which are more than 40 years old. This relieved the company of funding requirements and interest cost thereon and this has arrested the losses which were incurred by the company in the past. This arrangement is also subject to the approval of the shareholders. The Fertilizer Factory was restarted by the lessee in June 2015. The Investor has taken upon itself the running of the factory only to save the company of further losses and acts in close co-operation and in consultation and directions of the Chairman and Managing Director of the company and does not exercise any powers of management on its own.

The Additional Security of the factory plant & machinery land in favour of the lessee is only to meet any eventuality for which specific approval of the Board as and when required will be obtained. No charge has been created in favour of the Investor.

With regard to the land at Coonoor which was originally intended to be sold to a party pursuant which a Sale Agreement was made and the prospective buyer did not register the Sale Deed within the stipulated period of time, pursuant to which the company entered into a Fresh Agreement with the new buyers i.e., the lessee.

With regard to the various legal cases, the company, based on legal opinion is confident of successfully contesting the cases and does not anticipate any significant cash outflows in this regard.

All though a formal internal audit has not been conducted during the year, the company carried out an investigation of all operations by appointing a task force. As a result of which, certain major irregularities were found out and appropriate action taken on the personnel concerned. The Audit Committee met only once during the year and subsequent meetings could not be held as necessary quorum was not present. However, quarterly performance were reviewed by the Chairman and Managing Director along with operational executives and necessary follow up was regularly made.

The disclosures made in the financial notes in this regard are complete. In summary, the Management makes it clear that none of the observations of the Statutory Auditors have any material impact on the financials for the year ended 31<sup>st</sup> March 2016 as well as the Balance Sheet as on that date which in the opinion of the management are true and fair.

### **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s.A.Satyadevi, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is attached vide Annexure – E.

With regard to certain remarks, the Company's reply are furnished below:

Apart from certain technical irregularities mentioned in the Secretarial Audit Report, the Board would reply to certain other observations made in the said report.

With regard to the share application money, the company with the consent of the promoter group and associates, allotted equity shares after unavoidable delay as explained in Financial Note and the return of allotment was filed with the Registrar of Companies (Ministry of Corporate Affairs).

With regard to the borrowings, these were within the limits at the time of availing the facilities and the apparent excess is due to the accrued interest outstanding as on the balance sheet date.

With regard to the proposed sale of the company's property in Kothari buildings, the sale deed would be registered only upon the approval of the shareholders at the Annual General Meeting as explained in financial note no.9.2 to the audited accounts or upon if any orders from Court / Tribunal.



Regarding the additional security pertaining to the proposed sale of the company's property, such security will be provided when the necessity arises after obtaining the approval of the shareholders or upon if any orders from Court / Tribunal.

With regard to the amount yet to be transferred to the Investor Education and Protection Fund, financial note no.8.1 is self-explanatory.

**PARTICULARS OF EMPLOYEES:**

There is no employee, particulars of whom are to be furnished under Sec.197 of the Companies Act, 2013. The list of top ten employees as required under Sec.197(12) of the Companies Act, 2013 is being forwarded to the

Registrar of Companies; however, if any member requires copy that the same will be provided on request.

**ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation of the valuable support and help of M/s.Gemini Fertilizers both in management and financial matters, Financial Institutions, Government authorities, Banks and Employees. The cooperation and the forbearance of the members are gratefully acknowledged.

(By Order of the Board)

**For KOTHARI INDUSTRIAL CORPORATION LIMITED**

**Place : Chennai**

**Date : 31.05.2017**

**PRADIP D KOTHARI**

**Chairman of the Board**

## Kothari Industrial Corporation Limited

### ANNEXURE – A

#### FORM - A

Form of disclosure of particulars with respect to conversation of Energy

<b>A Power and Fuel Oil consumption</b>	<b>Current Year 2015-16</b>
1 Electricity	
a. Purchase power	
Units	505194 (April to March)
Variable cost (Rs. In lakhs)	-
Total Cost (Rs. In lakhs)	55.29
Rate/Unit (Rs.)	6.35
Units charges (Rs./Unit)**	6.35
Demand charges (Rs./KVA)	350/-
*Net of wind farm adjustment	Nil
** Variable cost includes peak hour charges	Nil
b. Own generation	
2 Coal	Nil
3 Furnace Oil/LSHS	Nil
4 Diesel (for industrial lighting purpose)	
Quantity (KL)	Nil
Total Amount (Rs. In Lakhs)	Nil
Average Rate (Rs./KL)	Nil
5 Windfarm	
<b>B Consumption per unit (MT) of production</b>	
Product	Single Super phosphate
Production	21103 MT
Electricity consumed	505194 Units
Consumption per unit(MT) of Production	23.94 Units

#### Form B

Form for disclosure of particulars with respect to Foreign Exchange Nil

#### FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign Exchange earned Nil

**ANNEXURE- B**

**Form No.MGT-9**

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2016  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i. CIN	CIN No. L24110TN1970PLC005865
ii. Registration Date	01.07.1970
iii. Name of the Company	Kothari Industrial Corporation Limited
iv. Category/Sub-Category of the Company	Company Limited by Shares
v. Address of the Registered office and contact details	"Kothari Buildings", 4 <sup>th</sup> Floor 114, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600034 Tel.no.044-28334565 Email: enquiries@kotharis.in
vi. Whether listed company	Yes (now under suspension mode)
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Integrated Enterprises (I) Ltd, II Floor, "Kences Towers", 1, Ramakrishna Street, Off.North Usman Road, T.Nagar, Chennai – 600017. Phone No(s) - 044-2814 0801-0803 Fax No.044-2814 2479 email id:yuvraj@integratedindia.in CIN No.U65993TN1987PLC014964

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product /	% to total turnover of the company
1	Chemical Fertilizers	201	96.56%

## Kothari Industrial Corporation Limited

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Kothari Madras (International) Ltd, "Kothari Buildings", 4 <sup>th</sup> Floor, 114, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034	U51102TN1972PLC006272	Associate	-	-

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015 (total no. of shares 12483885)				No. of Shares held at the end of the year 31.03.2016 (total no. of shares 19110885)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	1071980	1450432	2522412	20.21	1071980	2920432	3992412	20.89	
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	101050	87796	188846	1.51	101050	4926	105976	0.55	
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	13247	13247	0.11	0	13247	13247	0.07	
Sub-total(A)(1):-	1173030	1551475	2724505	21.83	1173030	2938605	4111635	21.51	
<b>2) Foreign</b>									
g) NRIs-Individuals	7431	96459	103890	0.83	7431	96459	103890	0.54	
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	360000	360000	2.88	0	360000	360000	1.88	
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	7431	456459	463890	3.72	7431	456459	463890	2.43	
Total Public Shareholding	1180461	2007934	3188395	25.54	1180461	3395064	4575525	23.94	
(A)=(A)(1)+ (A)(2)									

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015 (total no. of shares 12483885)				No. of Shares held at the end of the year 31.03.2016 (total no. of shares 19110885)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	20000	142556	162556	1.30	20000	142556	162556	0.85	
b) Banks / FI	2603669	21836	2625505	21.03	2603669	21836	2625505	13.74	
c) Central Govt	-	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	
g) FIs	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	4267	-	4267	0.02	
Sub-total(B)(1)	2623669	164392	2788061	22.33	2627936	164392	2792328	14.61	
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	328347	594096	922443	7.39	329467	592976	922443	4.83	
(ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1443260	4141726	5584986	44.74	1448229	9372360	10820589	56.62	
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	
c) Others (Specify)	-	-	-	-	-	-	-	-	
Sub-total(B)(2)	1771607	4735822	6507429	52.12	1777696	9965336	11743032	61.45	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4395276	4900214	9295490	74.46	4405632	10129728	14535360	76.06	
C. Shares held by Custodian for GDRs&ADRs	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	5575737	6908148	12483885	100.00	5586093	13524792	19110885	100.00	



## Kothari Industrial Corporation Limited

### ii. Share holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Pradip D Kothari	1366288	10.94	-	3266288	17.09	-	
2.	Surekha P Kothari	111323	0.89	-	111323	0.58	-	
3.	Maya D Kothari	76410	0.61	-	76410	0.40	-	
4.	Mitali P Kothari	368090	2.95	-	168090	0.88	-	
5.	Piyali P Kothari	433056	3.47	-	203056	1.06	-	
6.	Antara P Kothari	167245	1.34	-	167245	0.88	-	
7.	Kunal D Banker	6112	0.05	-	6112	0.03	-	
8.	Aditi D Banker	2512	0.02	-	2512	0.01	-	
9.	Avanti D Banker	4623	0.04	-	4623	0.02	-	
10.	Asha Thayer	103890	0.83	-	103890	0.54	-	
11.	Solaman Investments	360000	2.88	-	360000	1.88	-	
12.	Kothari & Sons Nominees Pvt. Ltd.	188846	1.51	-	105976	0.55	-	
13.	A. Rabindran	-	-	-	2500000	13.08	-	
14.	Rakesh Garg	-	-	-	1840000	9.63	-	
15.	K. Santhanam	-	-	-	20000	0.10	-	
16.	N. Ravichandran	-	-	-	100000	0.52	-	
17.	T. Sankaran	-	-	-	40000	0.21	-	
18.	N. Srinivasan	-	-	-	40000	0.21	-	
19.	G. Mohan Das	-	-	-	60000	0.31	-	
20.	N.K. Sukkal	-	-	-	60000	0.31	-	
21.	N. Santharam	-	-	-	5000	0.03	-	
22.	A.R. Raja	-	-	-	2000	0.01	-	
23.	D. Ravindra Reddy	-	-	-	60000	0.31	-	
	Total	3188395	25.54	-	9302525	48.68	-	

**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		<b>3188395</b>	<b>25.54</b>	<b>3188395</b>	<b>16.68</b>
At the beginning of the year					
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ <b>decrease</b> (e.g. allotment / <b>transfer</b> / bonus/ sweat equity etc):					
Shares sold	15.05.2015	-	-	-512870	-2.68
Sub-total				2675525	14.00*
Preferential shares allotted to Promoters & associates	31.03.2016	-	-	6627000	34.68*
At the End of the year		3188395	25.54*	9302525	48.68**

\* Percentage calculated on previous aggregate shareholding i.e., on 12483885 shares

\*\* Percentage calculated on present aggregate shareholding i.e., on 19110885 shares

**iv. Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (total no. of shares 12483885)		Shareholding at the end of the year (total no. of shares 19110885)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Life Insurance Corporation of India	1471629	11.79	1471629	7.70
2	A.Sahabudeen	616923	4.94	1129793	5.91
3	The New India Assurance Co.	391673	3.14	391673	2.05
4	Ind Eco Ventures	260000	2.08	260000	1.36
5	The Oriental Insurance Co.	255947	2.05	255947	1.08
6	United India Insurance Company Ltd	207262	1.66	207262	1.08
7	Rajmohan	200000	1.60	200000	1.05
8	National Insurance Co. Ltd	180801	1.45	180801	0.95
9	General Insurance Corporation of India	95597	0.77	95597	0.50
10	Indra Kumar Bakri	37430	0.30	37595	0.20
11	UTI Leadership Equity Fund	20000	0.16	-	-

## Kothari Industrial Corporation Limited

### v. Shareholding of Directors and Key Managerial Personnel:

Sr.No.	Name of Directors	Shareholding at the beginning of the year (total no. of shares 12483885)		Shareholding at the end of the year (total no. of shares 19110885)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Pradip D Kothari, Chairman and Managing Director	1366288	10.94	3266288	17.09
2	Mrs.Surekha P Kothari, Director	111323	0.89	111323	0.58

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1560.99	7.15	-	1568.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	1560.99	7.15	-	1568.14
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	67.96	-	-	67.96
Net Change	67.96	-	-	67.96
Indebtedness at the end of the financial year				
i) Principal Amount	1493.03	7.15	-	1500.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1493.03	7.15	-	1500.18

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

No remuneration was paid to Mr.Pradip D Kothari, Chairman and Managing Director during the year 2015-16.

**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors		Total Amount (Rs.)
<b>1. Independent Directors</b>	Mr. Dilip Machado	Mr. D. Gunasekaran	
<b>Sitting fee for attending board meetings</b>	90000	50000	140000
<b>Total(1)</b>			140000
<b>2. Other Non-Executive Directors</b>	Mrs. Surekha P. Kothari		
<b>Sitting fee for attending board meetings</b>		90000	90000
<b>Total(2)</b>			<b>90000</b>
<b>Total(B)=(1+2)</b>			<b>230000</b>

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	6,00,000	NIL	6,00,000
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission- as % of profit-others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>NIL</b>	<b>6,00,000</b>	<b>NIL</b>	<b>6,00,000</b>

## Kothari Industrial Corporation Limited

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/ Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty		Nil	Nil	Nil	Nil
Punishment		Nil	Nil	Nil	Nil
Compounding		Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty		Nil	Nil	Nil	Nil
Punishment		Nil	Nil	Nil	Nil
Compounding		Nil	Nil	Nil	Nil
<b>C. Other Officers In Default</b>					
Penalty		Nil	Nil	Nil	Nil
Punishment		Nil	Nil	Nil	Nil
Compounding		Nil	Nil	Nil	Nil

## ANNEXURE- C

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

#### a) Internal Control Systems and their Adequacy :

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the Information used for carrying on Business Operations.

The Audit Committee is regularly reviewing the key areas of the operations additionally.

#### b) Financial and Operational Performance :

The details are already furnished in the report of Directors.

#### c) Human Resources Development and Industrial Relations :

The Company's relationship with its work force is cordial.

#### d) Cautionary Statement :

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates, are forward-looking statements and Progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.

## ANNEXURE – D

### 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 & Director, one Non-executive Woman Director and two Non-executive Independent Directors. Details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them are given separately in this Report. Brief profile of the Directors being reappointed/appointed is already appended to the Notice convening the Annual General Meeting.

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 2016 from being appointed as a Director in terms of sub-section (2) of 164 of the Companies Act, 2013.

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

## Kothari Industrial Corporation Limited

Directorship held by existing Directors and shares of the Company held by them as on 31<sup>st</sup> March, 2016 are given below:

The non executive Directors are entitled to sitting fees for every meeting of the Board attended by them. The

Chairman 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, 2016 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 31.03.2016
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	3266288
Mrs.Surekha P Kothari Director	Nil	Nil	111323
Mr. Dilip Machado	2	Nil	Nil
Mr. D. Gunasekaran	Nil	Nil	Nil

#### 4. Audit Committee:

The Audit Committee presently consists of non-executive Independent Director Mr.Dilip Machado and Mr. D. Gunasekaran, Independent Director. Mr.Dilip Machado is the Chairman of the Audit Committee. The Chairman, 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 control systems and procedures, 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.

One Audit Committee Meeting was held during the year on 29.02.2016.

#### 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.Dilip Machado. Mr.Dilip Machado is a non-executive independent Director. Mr.G.Mohan Das is the Member Secretary (upto 31.03.2016). 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.

11 Share Transfer Committee Meetings were held during the year on 29.05.2015, 14.07.2015, 05.08.2015, 25.08.2015, 15.09.2015, 15.10.2015, 30.11.2015, 10.12.2015, 25.01.2016, 22.02.2016 & 31.03.2016.

#### 6. Stakeholders Relationship Committee:

The Board of Directors have constituted a Stakeholders Relationship Committee (Previously named as Shareholders' Grievance Committee) to address to the redressal of the investors complaints received by the Company / Registrar and Transfer Agents. The Committee consists of two non-executive Independent Director namely, Mr. Dilip Machado, Mr. D. Gunasekaran & Mr.Pradip D Kothari and

Mr.G. Mohan Das is the Member Secretary/ Compliance Officer (upto 31.03.2016). During the year 10 complaints were received from the investors and all of them were dealt with satisfactorily.

4 Stakeholders' Relationship Committee Meetings were held on 30.06.2015, 30.09.2015, 31.12.2015 & 31.03.2016.

**7. Nomination and Remuneration Committee:**

The Company is in place a Nomination and Remuneration Committee consisting of Mr.Dilip

**9. 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, 2016 are given below:

Name of the Director	Board Meetings	Audit Committee Meetings	Share Transfer Committee Meetings	Stakeholders' Relationship Committee Meetings	AGM held on 30 <sup>th</sup> March 2016	Directors Sitting Fees Rs.
Shri.Pradip D. Kothari Chairman and Managing Director	9	Nil	11	4	Attended	Nil
Mrs.Surekha P Kothari Director	9	Nil	Nil	0	Attended	90000
Mr.Dilip Machado Director	9	4	11	4	Attended	90000
Mr. D. Gunasekaran	5	2	0	2		50000

9 Board Meetings were held during the year on 27.05.2015, 01.06.2015, 31.07.2015, 21.09.2015, 30.10.2015, 29.01.2016, 29.02.2016, 29.03.2016& 31.03.2016.

**10. Disclosures:**

- There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.
- 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.
- The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.
- The Company have made compounding applications with National Company Law Tribunal(NCLT), Chennai Bench, for the delay in filing of annual accounts for the financial years 2014-15 & 2015-16.

**11. 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.

**12. General Shareholder Information:**

- The Forty-sixth Annual General Meeting of the Company will be held on Thursday the 28<sup>th</sup> September 2017 at 09.30 a.m. at company's Super Phosphate Factory situated at Kathivakkam Village, Ennore, Chennai 600057. The particulars of Annual General Meetings held during the last three years along with the special resolutions passed are as under:



## Kothari Industrial Corporation Limited

Year	Date & Time	Venue	Special Resolutions considered thereof	Result
2012-13	18.09.2013 10.30 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Nil	-
2013-14	30.12.2014 11.00 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Nil	-
2014-15	30.03.2016 10.30 a.m	Company's Super Phosphate Factory at Ennore, Chennai - 600 057.	Nil	-

No resolution has been put through postal ballot.

(ii) **Book Closure dates:** Tuesday the 26th September, 2017 to Thursday the 28th September 2017.

### 13. 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.

### 14. Distribution of shareholding as on 31<sup>st</sup> March, 2016:

Range	Shareholders		Shares	
	Number	%	Number	%
1 to 100	42283	81.55	1917294	10.04
101 to 200	5666	10.93	913671	4.78
201 to 500	2823	5.44	930835	4.87
501 to 1000	709	1.37	528198	2.76
1001 to 5000	265	0.51	475744	2.49
5001 to 10000	24	0.05	163161	0.85
10001 AND ABOVE	81	0.15	14181982	74.21
TOTAL	51851	100.00	19110885	100.00

### 15. Shareholding Pattern as on 31<sup>st</sup> March, 2016:

Sl.No.	Category	No. of holders	No. of shares	%
A	Promoters	27	9302525	48.67
B	Others			
1	Residents(individuals/clearing members)	51497	6093589	31.89
2	Financial Institutions/Insurance Co./Banks/UTI	45	2788061	14.59
3	Bodies Corporate	257	922443	4.83
4	Non Resident Indians	25	4267	0.02
	Total	51851	19110885	100.00

**16. Dematerialization of shares:**

As on 31<sup>st</sup> March 2016, 55,86,093 equity shares were held in dematerialized form representing about 27.93% of the total shares. The balance were held in physical form.

**17. 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:

**The Compliance Officer**  
**M/s.Kothari Industrial Corporation Limited**  
"Kothari Buildings"  
No.114/117, Mahathma Gandhi Salai,  
Nungambakkam, Chennai - 600 034.  
Phone No.044-28334565  
Fax No.044-28334581  
E-mail: enquiries@kotharis.in/  
complianceofficer@kotharis.in

**18. 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.

**Certification of the Chairman and 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, 2016 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.

## **Kothari Industrial Corporation Limited**

- (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: 31.05.2017

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

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### **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, 2016, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Place: Chennai  
Date: 31.05.2017

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2014-15

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
Kothari Industrial Corporation Limited  
(CIN - L24110TN1970PLC005865)  
Regd.Office:-Kothari Buildings, 4th Floor  
114, Mahatma Gandhi Salai  
Nungambakkam  
Chennai 600034

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kothari Industrial Corporation Ltd (here-in-after called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I here by report :-

That in my opinion, the company has, during the audit period covering the financial year 2015-16 has complied with the applicable statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made here in after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year 2015-16 to the provisions of

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards notified by the Ministry of Corporate Affairs.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

*Company is yet to comply with following provisions of the Act:-*

- ❖ *The Company had not filed the e-form MGT-14 for the transactions like approval of annual accounts, appointment of internal auditors and secretarial auditors as per the regulations of Companies Meeting of Board and its powers Rules 2014.*
- ❖ *Though the Company had appointed the internal auditors as required u/s. 138 of the Companies Act, 2013, however internal audit was not conducted for the FY 2015-16.*
- ❖ *The share application money pending allotment has been transferred to capital account by making allotment of 6627000 nos. of equity shares at Rs.5/p per share. The allotment made is not in consonant with the provisions of the Companies Act, 2013. However, the Company has obtained opinion for issue of shares and allotment made accordingly.*

## **Kothari Industrial Corporation Limited**

- ❖ *The Register of Members is not in tune with the Companies Act, 2013.*
- ❖ *The Company's borrowings inclusive of interest which is accrued not paid to the lenders as on March 31, 2016 are not within the limits specified as specified under the Act.*
- ❖ *Though the Company had created the security for the borrowings and registered the same with Registrar of Companies, Chennai, the same was not appearing in the Index of Charges in the Ministry of Corporate Affairs portal.*
- ❖ *Audit Committee had not been met at the regular intervals to consider and approve the quarterly & half-yearly financials.*
- ❖ *The Company had convened the Annual General Meeting for FY 2014-15 on 30<sup>th</sup> March 2016 and has made an application for compounding of offence with NCLT, Chennai and is pending before them.*
- ❖ *The Company had not paid the listing fee to the Bombay Stock Exchange from FY 2014-15 onwards.*
- ❖ *The compliance and reporting requirements under the listing agreement were not complied with*
- ❖ *The Company had entered into an Agreement for Sale of the company's property without the approval of the shareholders as required under the Companies Act, 2013.*
- ❖ *The Company had provided additional security without proper approval either from the Board or the shareholders.*
- ❖ *The Company had not transferred an amount of Rs.6.98 Lakhs for the earlier period to the Investor Education and Protection Fund set up by the Ministry of Corporate Affairs.*
- ❖ *The Company was not regular in payment of statutory dues to the Government Authorities.*
- ❖ *The accumulated losses of the Company, exceeds 50% of its net worth.*
- ❖ *As observed in the Statutory Auditors Report – the former executive director had indulged in a fraud amounting to Rs.15 Crores and the company had initiated necessary legal action. However the same is settled by mutual understanding.*

**The above non-compliances attract the penal provisions prescribed under the respective sections of the Companies Act, 2013.**

### **I further report that:-**

The Board of Directors & the Committees of the Company are duly constituted subject to the above comments. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' view are captured and recorded as part of the minutes

**I further report that subject to the above non-compliances**, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place: Chennai**  
**Date: February 28, 2017**

**A. SATYADEVI**  
**(COMPANY SECRETARY IN PRACTICE)**  
**CP NO. 2307**

## Independent Auditors' Report

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

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

We have audited the accompanying standalone financial statements of **KOTHARI INDUSTRIAL CORPORATION LIMITED** ("**the Company**") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules madethereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Kothari Industrial Corporation Limited

### Opinion

*In our opinion and according to the information and explanations given to us by the company during the course of audit, we state that,*

1. *The company has not provided for the following amounts in the books of accounts:*
  - a. *Any further amount payable to State Bank of India on the amount outstanding of Rs 1150 lacs (Assignee: Kotak Mahindra Bank) in addition to the liability provided for in the books of accounts since the liability amount has not been finally quantified (Refer Note No 4.2 to the Notes on accounts)*
  - b. *Any further amount payable to HDFC bank on the amount outstanding of Rs 394.54 lacs (Alleged Assignee: Bekae Properties) in addition to the liability provided for in the books of accounts since the liability amount has not been finally quantified (Refer Note No 4.3 to the Notes on accounts)*
2. *The company has entered into a sale agreement (unregistered) dated 18/02/2015 of its property at 114, Mahatma Gandhi Salai, "Kothari Buildings", Chennai – 34, consisting of 2/3<sup>rd</sup> undivided share (i.e.) 6.33 grounds of land in the total land of 9.5 grounds along with built up area in ground, first, fourth and fifth floors with all the common rights of enjoyment I the stairways, lift, car parking and other common rights being part of the main building for a total consideration of Rs 45 crores with Gemini Iron and Steels Pvt Ltd (Purchaser) and has received Rs 11.27 crores as advance towards such sale. The approval of the shareholders required u/s 180(1) of the Companies Act, 2013 has not been obtained in respect of the transaction*

*The Company has entered into lease agreement in respect of the lease of north wing of the fifth floor of Kothari Building as also tripartite agreement with the tenant and the agreement holder by virtue of which the company has given consent for the payment of the monthly rent in respect of the said lease to the agreement holder. The Company has not explained to us whether such rent paid to agreement holder would be in addition to the sale consideration or refundable to the company.. Though the agreement of sale dated 18/02/2015 in clause No.22 stipulates that the company shall agree to handover the possession of the schedule property viz., the Ground, First, Fourth and Fifth floors and rights over the terrace floors of Kothari Building to the purchaser at the time of execution of sale deed, the tripartite agreement made on 12/03/2015 mentions that the company has handed over the physical possession of the leased property to the purchaser.*

*The company in the said sale agreement dated 18/02/2015 at clause No.7 has agreed to give its property of land and machineries of Fertiliser factory at Kathivakkam Village, Ennore to a total extent of around 40 acres as additional security to the purchaser. The resolution passed in the Board Meeting held on 30/12/2014 has not authorised the Company or its Chairman for agreeing to provide such additional security.*

3. *The Company has entered into lease deed in respect of its factory at Ennore along with the Plant & Machinery situated in the said factory by means of a registered lease deed dated 05/01/2015 with one Gemini Fertilisers for a period of 10 years ending 31/12/2025. In our opinion the terms and conditions of such lease are prima facie prejudicial to the interests of the Company in as much as the Company has granted unconditional right to the lessee to receive a significant amount of money due to them from Government of India/ Tamilnadu as subsidy under "Nutrient Based Subsidy Scheme" and other schemes associated with the manufacture of fertilisers (in respect of past performance) towards arrears of such subsidy in respect of its post operations, but the liability/ claims in respect of the past business transactions not being taken over by the lessee, the Company's consent for use of its trademark by the lessee without any consideration for the same for such use etc. The loss arising out of such prejudicial terms and conditions of the lease deed are not ascertainable and have not been provided for.*

4. ***The total borrowings of the company, excluding interest accrued and unpaid to the lenders, is within the borrowing powers of the company. However, including the interest accrued and unpaid, the total borrowings are not within the borrowing limits as specified in the Companies Act, 2013.***
5. ***Confirmation of balances from Sundry debtors and creditors were not produced and hence the correctness of the amount outstanding from and to the third parties could not be verified.***

**Subject to the qualifications mentioned above, we state that:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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,

- i. of the state of affairs of the Company as at March 31, 2016;
- ii. its Loss for the year ended on that date and
- iii. its Cash Flow for the year ended on that date.

#### **Emphasis of Matter**

**Without qualifying our report we draw attention to the following:**

- a. **The former Executive Director of the company filed a case against the company for recovery of his dues while his wife filed a case for recovery of lease rent. The company had also filed a case for alleged misappropriation against former Executive Director. Subsequently the former Executive Director and his Wife came to a settlement with the company pursuant to which the said cases has not been pursued.**
- b. **In our opinion, the company faces difficulty in complying with the terms of loan agreement and has entered into a scheme of arrangements with the lenders for reduction of liability. Also the company is in a Net Liability position. In this regard, attention is invited to Note 1 of the Notes on Accounts to the Balance Sheet and Statement of Profit and Loss regarding the management stand on Going Concern applicability.**

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. Except for the effect of the matter described in points 1,2,3 and 9 of the Opinion Paragraph we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



## Kothari Industrial Corporation Limited

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**AnnexureB**".
- g. *The company has issued 66,27,000 equity shares of Rs 5 each fully paid up amounting to Rs 3.31 crores and the return of allotment has been filed. The allotment has been made after the time limit for allotment of shares as per Companies Act has expired.*
- h. *The Company has accumulated losses at the end of the financial year which is more than 50% of its net worth of the Company.*
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given tous:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. ***The Company had not transferred an amount of Rs.6.98 Lakhs, relating to the previous years, to the Investor Education and Protection Fund set up by the Ministry of Corporate Affairs.*** However, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

Chennai  
Dated: 31.05.2017

For **M/s.Arockiasamy & Raj**  
Chartered Accountants  
Firm Reg.No.006850S  
  
(A.Nagarajan)  
Partner  
Membership No.020680

**“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31,2016:

1. Fixed Assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. **The Fixed Assets have not been physically verified by the management**
  - c. The title deeds of immovable properties are held in the name of the company
2. **The management has not conducted the physical verification of inventory at reasonable intervals.**
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
5. The company has not accepted any Public Deposits during the year.
6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company
7. **The Company is not regular in depositing undisputed statutory dues including provident fund, service tax, income tax (tax deducted at source), professional tax and property tax.**
  - (a) **According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.**

**According to the information and explanations given to us, the extent of arrears of undisputed amount outstanding as on 31st March 2016 for a period of more than six months from the date they became payable, as certified by the Management is as under**

**Rs.**

Income Tax (TDS)	57,25,913
Provident Fund	5,52,374
Professional Tax	15,82,108
Property Tax (factory – disputed)	38,73,661

- (b) *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:*

## Kothari Industrial Corporation Limited

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

8. ***In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks and financial institutions.*** However, the Company has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
11. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
12. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
13. ***Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment or private placement of shares during the year under review. But the company has not complied with the provisions of section 42 and Companies (Prospectus & Allotment of Securities) Rules, 2014.***
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
15. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

***“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Kothari Industrial Corporation Limited***

***Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)***

We have audited the internal financial controls over financial reporting of Kothari Industrial Corporation Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and

## **Kothari Industrial Corporation Limited**

fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

***Based on the information provided to us by the management of the company, internal audit has not been conducted for the financial year under review. Further, the Audit Committee of the company had not frequently met to consider and approve the quarterly & half-yearly financials and the company has not appointed a Chief Financial Officer. Hence in our opinion, the company has to take steps to strengthen its Internal Financial Control.***

Chennai  
Dated: 31.05.2017

For **M/s.Arockiasamy & Raj**  
Chartered Accountants  
Firm Reg.No.006850S  
  
(A.Nagarajan)  
Partner  
Membership No.020680



**KOTHARI INDUSTRIAL CORPORATION LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 2016**

Particulars	Note No	Rupees in Lacs	
		As at 31st March 2016	As at 31st March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
Share Capital	2	955.54	624.19
Reserves and Surplus	3	(2,101.13)	(1,501.30)
Money received against share warrants			
<b>(2) Share application money pending allotment</b>			
		-	281.35
<b>(3) Non-Current Liabilities</b>			
Long-term borrowings	4	1,493.03	1,560.99
Other Long term liabilities	5	1,054.38	1,020.34
Long-term provisions	6	175.73	175.73
<b>(4) Current Liabilities</b>			
Short-term borrowings	7	38.34	25.10
Trade payables		732.37	742.02
Other current liabilities	8	2,944.59	2,941.46
<b>Total</b>		<b>5,292.85</b>	<b>5,869.88</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
(i) Tangible assets	9(a)	3,123.59	3,680.53
(ii) Intangible assets	(b)	5.04	8.40
Non-current investments	10	5.20	5.20
Deferred tax assets (net)		778.03	778.03
Long term loans and advances	11	298.55	321.56
Other non-current assets	12	0.50	0.50
<b>(2) Current assets</b>			
Inventories	13	254.32	266.58
Trade receivables	14	290.85	237.45
Cash and cash equivalents	15	158.50	132.89
Short-term loans and advances	16	378.27	438.74
<b>Total</b>		<b>5,292.85</b>	<b>5,869.88</b>

For Arockiasamy & Raj  
Regn.No.006850S  
Chartered Accountants

S. Nagarajan  
Partner  
Membership No.020680  
Place: Chennai  
Date: 31.05.2017

For and on behalf of the Board

Pradip D Kothari  
Chairman &  
Managing Director

Dilip Machado  
Director

## Kothari Industrial Corporation Limited

### Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No	Rupees in Lacs	
		As at 31st March 2016	As at 31st March 2015
Revenue from operations	18	4,835.63	5,188.17
Other Income	19	214.90	198.44
		<u>5,050.53</u>	<u>5,386.61</u>
<i>Expenses:</i>			
Cost of materials consumed	20	703.22	787.24
Purchase of Stock-in-Trade		3,310.86	3,490.68
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	10.56	107.47
Employee benefits	22	153.13	442.43
Financial costs (refer note no. 4.2 & 4.3)	23	2.92	47.10
Depreciation and amortization expense		506.25	44.80
Other expenses	24	930.71	980.24
		<u>5,617.65</u>	<u>5,899.96</u>
Profit before exceptional and extraordinary items and tax		(567.12)	(513.35)
Exceptional Items	25	-	75.10
Profit before tax		<u>(567.12)</u>	<u>(588.45)</u>
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the period		<u>(567.12)</u>	<u>(588.45)</u>
Earning per equity share:			
(1) Basic		(2.97)	(4.71)
(2) Diluted		(2.97)	(4.71)

**For Arockiasamy & Raj**  
**Regn.No.006850S**  
**Chartered Accountants**

**For and on behalf of the Board**

**S. Nagarajan**  
**Partner**  
**Membership No.020680**  
**Place: Chennai**  
**Date: 31.05.2017**

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

**Dilip Machado**  
**Director**

## 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 is engaged in the manufacture of Single Super Phosphate at its factory at Ennore near Chennai and is also engaged in mixing of fertilizers and has a network of distributors in the southern states. With the operation of the fertilizer factory and the continuing profits on other trading activities, the company is confident of a regular cash flow. Further with the continued commitments of the investor to settle the secured and unsecured creditors and to meet the future contingency of funds, the company will continue to be in operation and will generate sufficient cash flow to meet its commitments. In view of the foregoing, the preparation of the accounts on the basis of the principles applicable to a going concern is both relevant and appropriate.

Rs. in lakhs

2. Share Capital	March 31, 2016	March 31, 2015
Authorised Share capital 5,00,00,000 (31st March 2011: 5,00,00,000) Equity Shares of Rs.5 each	2500.00	2500.00
Issued Share Capital 1,58,99,052 (31st March 2011: 1,58,99,052) Equity Shares of Rs.5 each	794.95	794.95
Subscribed Share Capital 1,56,19,052 (31st March 2011: 1,56,19,052) Equity Shares of Rs.5 each	780.95	780.95
Fully Paid up Share Capital 1,24,83,885 (31st March 2011: 1,24,83,885) Equity Shares of Rs.5 each	624.19	624.19
66,27,000 (31st March 2016) Equity Shares of Rs.5 each allotted during the year under review.	331.35	-
<b>Total</b>	<b>955.54</b>	<b>624.19</b>

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

Rupees in Lacs

	March 31, 2016	March 31, 2015
	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	19,110,885	955.54

#### (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, 2016
<b>Equity Shares</b>		
Mr. Pradip D Kothari	17.09%	3,266,288
Life Insurance Corporation of India	7.70%	1,471,629
Mr. A. Sahabudeen	5.91%	1,129,793
<b>Total</b>		<b>5,867,710</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) In accordance with the consent given by the shareholders at the 39th Annual General Meeting held on 14th December 2009, the company has allotted 66,27,000 equity shares of Rs 5/-each aggregating to Rs 331.35 lakhs to promoters and associates on 31st March 2016.

Rs. in lakhs

3	March 31, 2016	March 31, 2015
<b><u>Reserves and Surplus</u></b>		
Capital Reserves	65.85	65.85
Capital Redemption Reserves	18.00	18.00
Securities Premium Account	-	-
Debenture Redemption Reserves	-	-
Revaluation Reserves	-	2,329.69
Deficit	(2,184.98)	(3,914.84)
<b>Total</b>	<b>(2,101.13)</b>	<b>(1,501.30)</b>
<b>3.1</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b><u>Capital Reserves</u></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>March 31, 2016</b>	<b>March 31, 2015</b>
<b><u>Capital Redemption Reserves</u></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>March 31, 2016</b>	<b>March 31, 2015</b>
<b><u>Revaluation Reserves</u></b>		
Balance at the beginning of the year	2,329.69	2,714.09
Add: Additions during the year	-	-
Less : Appropriations	-	384.40
Balance as at the end of the year	<b>2,329.69</b>	<b>2,329.69</b>

## Kothari Industrial Corporation Limited

Rs. in lakhs		
3.4	March 31, 2016	March 31, 2015
<b><u>Deficit</u></b>		
Balance at the beginning of the year	(3,914.84)	(3,326.39)
ADD: Transfer from revaluation reserve	2,329.69	
Profit/(Loss) for the year	(567.12)	(588.45)
Less: Depreciation adj. compancy act 2013	32.71	
Deficit as at the end of the year	<b>(2,184.98)</b>	<b>(3,914.84)</b>

4	March 31, 2016	March 31, 2015
<b><u>Long-term borrowings</u></b>		
Secured		
Term Loans		
- From Banks	1,493.03	1,560.99
- From Other	-	-
<b>Total</b>	<b>1,493.03</b>	<b>1,560.99</b>

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.

4.2 The claim of Interest availed from State Bank of India (Assignee Kotak Mahindra Bank Ltd) is subject of reference to Debt Recovery Tribunal (DRT) and pending directions from the recovery authority, the loan interest is not quantifiable at present.

4.3 The claim of interest on loan availed from HDFC Bank (alleged assignee Bekae Properties) is not quantifiable at present since the subject matter is pending before the Hon'ble High Court of Madras. In respect to the subject matter, to deposit a sum of Rs.7 crores 9 lakhs, the High Court, Madras, vide order dated 16.08.2016, has permitted the sale of the mortgage property i.e. Kothari Building in favour of Gemini Iron and Steel Private Limited. Aggrieved by the said order, the said HDFC bank and the alleged assignee Bekae Properties Private Limited have filed Special Leave Petition before the Hon'ble Supreme Court of India and the same is pending.

5	March 31, 2016	March 31, 2015
<b><u>Other long term liabilities</u></b>		
Super Annuation Fund	93.46	90.96
Others	960.92	929.38
<b>Total</b>	<b>1,054.38</b>	<b>1,020.34</b>

6	March 31, 2016	March 31, 2015
<b><u>Long-term provisions</u></b>		
Provision for Gratuity	175.73	175.73
<b>Total</b>	<b>175.73</b>	<b>175.73</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.

Rs. in lakhs

7	March 31, 2016	March 31, 2015
<b><u>Short-terms borrowings</u></b>		
Unsecured		
Loans repayable on demand		
-from Banks	7.15	7.15
-from other parties	31.19	17.95
<b>Total</b>	<b>38.34</b>	<b>25.10</b>

  

8	March 31, 2016	March 31, 2015
<b><u>Other current liabilities</u></b>		
Current maturities of long term debt	2.59	-
Interest accrued and due on borrowings	54.24	54.24
Unclaimed Dividends	6.98	6.98
Rent Deposit	137.52	137.17
Statutory dues including PF and TDS	132.24	128.82
Salaries & Wages Payable	124.00	119.42
Other payables *	2,487.02	2,494.83
<b>Total</b>	<b>2,944.59</b>	<b>2,941.46</b>

\* includes a sum of Rs.11.27 crores received from Gemini Iron and Steel Pvt. Ltd. towards advance for sale of 4 floors in Kothari Buildings, Nungambakkam, Chennai.

- 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.

**Kothari Industrial Corporation Limited**

9 (a) Tangible Assets		Rupees in Lakhs									
		Gross Block			Depreciation		Net Block				
Assets	April 1, 2015	April 1, Addition	Gross Block Disposal	March 31, 2016	April 1, 2015	Addition	Disposal	March 31, 2016	Charged to Reserves as per Companies Act 2013	March 31, 2016	March 31, 2015
Land	8.56	0.00	0.00	8.56	0.00	0.00	0.00	0.00	-	8.56	8.56
Buildings	6464.23	0.00	0.00	6464.23	2980.39	417.61	0.00	3428.64	30.63	3035.59	3483.84
Plant & Machinery	801.58	0.00	3.66	797.92	676.13	59.38	1.93	735.65	2.08	62.27	125.45
Furniture & Fittings	111.36	0.00	0.52	110.84	95.18	15.53	0.34	110.37	-	0.47	16.18
Vehicles	161.42	0.00	57.09	104.33	114.92	10.36	37.65	87.64	-	16.69	46.50
<b>March 31, 2016</b>	<b>7547.15</b>	<b>0.00</b>	<b>61.26</b>	<b>7485.89</b>	<b>3866.62</b>	<b>502.89</b>	<b>39.92</b>	<b>4362.30</b>	<b>32.71</b>	<b>3123.59</b>	<b>3680.53</b>
<b>March 31, 2015</b>	<b>7560.27</b>	<b>0.12</b>	<b>13.24</b>	<b>7547.15</b>	<b>3451.91</b>	<b>423.61</b>	<b>0.00</b>	<b>3866.62</b>	<b>-</b>	<b>3680.53</b>	<b>4108.35</b>
<b>9 (b) Intangible Assets</b>											
SAP Software	20.01	0.00	0.00	20.01	11.61	3.36	0.00	14.97	-	5.04	8.40
<b>March 31, 2016</b>	<b>20.01</b>	<b>0.00</b>	<b>0.00</b>	<b>20.01</b>	<b>11.61</b>	<b>3.36</b>	<b>0.00</b>	<b>14.97</b>	<b>-</b>	<b>5.04</b>	<b>8.40</b>
<b>March 31, 2015</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>

### 9.1 Additional Disclosure

- i) Part of the “Kothari Building” belonging to the Company was revalued at the fair market value on 31st March 2002 by an approved valuer.
- (ii) “Kothari Building” belonging to the Company was again revalued at the fair market value on 31st March 2012 by an approved valuer.
- (iii) The appreciation in the value of the above fixed assets has been credited to Fixed Asset Revaluation Reserve.
- 9.2 The company has entered into a sale agreement(unregistered) with M/s.Gemini Iron and Steel Pvt. Ltd. for sale of four floors consisting of Ground, First, Fourth and Fifth Floor along with undivided share of 6.33 grounds of land out of 9.5 grounds in Kothari Buildings, Chennai, for a total consideration of Rs.45 crores and has received an advance of Rs.11.27 crores. The matter is under process.
- 9.3 The company has entered into a lease arrangement with M/s.Gemini Fertilizers for operating the fertilizer factory of the company situated at Ennore near Chennai for a period of 10 years for production of Single Super Phosphate. This arrangement of lease is subject to the approval of the shareholders at the ensuing Annual General Meeting.

		Rs. in lakhs	
		March 31, 2016	March 31, 2015
10	<b>Non-current Investments</b>		
	Investments in Equity instruments		
	- 52000 shares of Katiken Logistics Ltd @ Rs. 10 each	5.20	5.20
	<b>Total</b>	<b>5.20</b>	<b>5.20</b>
11	<b>Long Term Loans and Advances</b>		
	Secured considered good		
	Capital Advances		
	Security Deposits	101.93	99.29
	Sub Total	<b>101.93</b>	<b>99.29</b>
	Unsecured considered good/Doubtful		
	-Rental Deposit	7.40	13.72
	Sub Total	<b>7.40</b>	<b>13.72</b>
	Advances recoverable in cash or in kind	<b>0.88</b>	<b>19.82</b>
	Other loans & advances		
	- Balances with Govt. Authorities	188.34	188.73
	Sub Total	<b>188.34</b>	<b>188.73</b>
	<b>Total</b>	<b>298.55</b>	<b>321.56</b>

## Kothari Industrial Corporation Limited

Rs. in lakhs

12		March 31, 2016	March 31, 2015
	<b>Other non-current assets</b>		
	Others		
	Long term deposits with Banks with maturity more than 12 months	0.50	0.50
	<b>Total</b>	<b>0.50</b>	<b>0.50</b>

13		March 31, 2016	March 31, 2015
	<b>Inventories</b>		
	Raw materials	-	-
	Work in progress	-	-
	Finished goods	114.87	141.43
	Stock in trade(Land)	121.75	105.75
	Others		
	- Packing Materials	17.70	19.40
	<b>Total</b>	<b>254.32</b>	<b>266.58</b>

### Details of Finished Goods Inventory

13.1		March 31, 2016	March 31, 2015
	(i) Goods Manufactured		
	- NPK Mixtures	10.48	8.18
	(ii) Details of Traded goods		
	- Agro Products	0.12	2.61
	- Micro & Bio Products	0.33	40.84
	- ST. Fertilisers	56.49	59.84
	- NPK Mixtures	44.77	26.66
	- Pesticides	2.68	3.30
	<b>Total</b>	<b>114.87</b>	<b>141.43</b>

14		March 31, 2016	March 31, 2015
	<b>Trade receivables</b>		
	Unsecured, considered good		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
	- Others	290.64	237.24
	Unsecured, considered doubtful		
	- Outstanding for a period exceeding 6 months from the date they are due for payment	0.21	0.21
	<b>Total</b>	<b>290.85</b>	<b>237.45</b>

Rs. in lakhs

	March 31, 2016	March 31, 2015
<b>15</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
- In current account	147.47	124.10
Cash in hand	11.03	8.79
<b>Total</b>	<b>158.50</b>	<b>132.89</b>
<b>16</b>		
<b>Short term loans and advances</b>		
Loans and advances unsecured and considered good	258.14	332.77
-Advance Income tax	120.13	105.97
<b>Total</b>	<b>378.27</b>	<b>438.74</b>
<b>17</b>		
<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
Contingent liabilities		
Claims against the company not acknowledged as debt		
-Disputed sales tax demands under appeal including stay of recovery granted for Rs.854.65 lakhs (Rs.20.50 lakhs paid under protest included under advances) (Based on another Supreme Court order and legal Opinion such demands may not be sustainable)	876.89	876.89
-Others(Exclusive of Interest)	145.00	145.00
Guarantees	7.00	7.00
Other money for which the company is contingently liable		
- Differential Customs Duty on Import machinery Availed under export obligation scheme	84.07	84.07
<b>Total</b>	<b>1,112.96</b>	<b>1,112.96</b>
<b>18</b>		
<b>Revenue from Operations (for companies other than a finance company)</b>		
Revenue from - Sale of Fertilisers	4,841.34	5,197.37
Other operating revenues	-	-
Less: Excise Duty	5.71	9.20
<b>Total</b>	<b>4,835.63</b>	<b>5,188.17</b>



## Kothari Industrial Corporation Limited

Rs. in lakhs

18.1	Particulars	March 31, 2016	March 31, 2015
	(i) Details of Sales (Finished goods)		
	- SSP	-	-
	- NPK Mixtures	418.23	954.55
	(ii) Details of Sales (Traded goods)		
	- Agro Products	396.08	21.93
	- Micro & Bio Products	307.27	298.47
	- ST. Fertilisers	954.44	1,147.34
	- NPK Mixtures	2,731.22	2,354.65
	- Pesticides	30.55	420.43
	- Packing Materials	3.55	-
	<b>Total</b>	<b>4,841.34</b>	<b>5,197.37</b>

19		March 31, 2016	March 31, 2015
	<b>Other Income</b>		
	Interest on Deposits	2.17	16.92
	Duty Draw Back	-	0.34
	Lease Rental Receipts	131.07	82.16
	Dividend income	-	0.05
	Discount received	-	-
	Net gain / loss on sale of investments	-	-
	Foreign Exchange Gain	-	-
	Royalty Receipts	14.57	-
	Receipts on Sale of Land	-	88.25
	Other non-operating income	-	-
	- Other Income	67.09	10.72
	<b>Total</b>	<b>214.90</b>	<b>198.44</b>

20		March 31, 2016	March 31, 2015
	<b>Cost of Materials consumed</b>		
	Raw materials consumed		
	Opening stock	-	-
	Add: Purchases (Net)	703.22	787.24
	Less: Inventory at the end of the year	-	-
	<b>Cost of Materials consumed during the year</b>	<b>703.22</b>	<b>787.24</b>
	<b>Total</b>	<b>703.22</b>	<b>787.24</b>

Rs. in lakhs

21	March 31, 2016	March 31, 2015
<b>Changes in inventory of finished goods and Work in progress</b>		
(Increase)/decrease in stock		
Stock at the end of the year:		
Finished goods	114.87	141.43
Land held as stock-in-Trade	121.75	105.75
Total A	236.62	247.18
Stock at the beginning of the year:		
Finished goods	141.43	160.64
Land converted into Stock-in-Trade on 1st April 2007	160.27	160.27
Add: Land Converted into Stock-in-Trade	414.78	414.78
Less: Transferred on Sale of Land	(469.30)	(381.04)
Total B	247.18	354.65
<b>Total</b>	<b>10.56</b>	<b>107.47</b>

22	March 31, 2016	March 31, 2015
<b>Employee Expense</b>		
Salaries and wages	138.13	381.06
Contribution to PF	11.23	40.58
Staff welfare expenses	3.77	20.79
<b>Total</b>	<b>153.13</b>	<b>442.43</b>

23	March 31, 2016	March 31, 2015
<b>Finance Costs</b>		
Interest	2.13	19.19
Other borrowing costs	0.79	27.91
<b>Total</b>	<b>2.92</b>	<b>47.10</b>

## Kothari Industrial Corporation Limited

24	March 31, 2016	March 31, 2015
<b>Other Expenses</b>		
Consumption of stores and Packing Materials	36.91	41.35
Power and fuel	10.58	24.33
Rent	46.20	43.35
Audit Fees		
- Statutory Audit	2.50	3.00
- Tax Audit	-	1.50
Repairs to buildings	13.45	10.36
Repairs to machinery	74.51	19.92
Director Sitting Fee	2.30	1.50
Repairs to others		
Insurance	5.12	7.74
Rates & Taxes	8.02	12.39
Travelling expenses	38.38	72.22
Professional Charges	63.46	113.27
Selling Expenses	414.19	401.88
Loss on Sale of Asset	0.11	2.58
Other Manufacturing expenses	81.75	81.68
Other Expenses	133.23	143.17
<b>Total</b>	<b>930.71</b>	<b>980.24</b>

25	March 31, 2016	March 31, 2015
<b>Exceptional Items</b>		
Debit / Credit of Earlier Years	-	75.10
One time Settlement of Bank / Financial Institution	-	-
Interest (Prior Period)	-	-
Depreciation (Prior Period)	-	-
<b>Total</b>	<b>-</b>	<b>75.10</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 and Managing Director has joined the Board of the company on 19.09.2011
- (iii) Mrs.Antara Pandit, D/o.Chairman and Managing Director has joined the company as President (New Projects)

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

(a) Associate Companies / Firms  
**Kothari (Madras) International Limited**  
Particulars of Transactions

Nature of Transaction	Amount(Rs. in lakhs)
Purchase of Raw Materials & finished goods	2,092.48
Amount receivable as on March 31.2016	106.00

27 Earnings / (Loss) per share - calculation of weighted average number of Equity Shares of Rs.5/- each.

	March 31, 2016	March 31, 2015
Number of shares of Rs.5/- each	19110885	12,483,885
Basic & Diluted Earnings(in Rupees) per Share	(2.97)	(4.71)

28 In accordance with Accounting Standard 22 - "Taxes on Income", as per prudence Deferred tax Asset is not recognised as a matter of prudence.

29 As per the records and information available with the company there are no amounts outstanding as on 31st March 2016 payable to :

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

30 With respect to the pending litigations, the company has not provided for additional financial commitment over and above the amount due and appearing in the books of accounts to the various litigants.

31 The position of Chief Financial Officer is vacant since August 2015. The office of Company Secretary fell vacant on 1st April 2016. A new Company Secretary was appointed on 5th December 2016 and he resigned in March 2017. The company has made a request to the Institute of Chartered Accountants of India and Institute of Company Secretaries of India to recommend appropriate candidates for appointment and the matter is being pursued. In view of the above, the financial statements have not been authenticated by the above officers.

32 (i) Winding up petition filed by Kotak Mahindra Bank Limited against the company for the guarantee executed to its associate company namely, DC Kothari Textiles Ltd is pending before the Hon'ble High Court of Judicature at Madras. However, the company has entered into a Memorandum of Understanding and is in the process of settling the loan.

(ii) Certain employees have also filed winding up petitions before the Hon'ble High Court of Judicature at Madras for recovery of their dues payable to them on resignation and the same is pending before the court and not yet admitted.

(iii) The former Executive Director of the company filed a case against the company for recovery of his dues while his wife filed a case for recovery of lease rent. The company had also filed a case for alleged misappropriation against former Executive Director. Subsequently the former Executive Director and his Wife came to a settlement with the company pursuant to which the said cases has not been pursued.

33 The figures in brackets relate to Previous year and regrouped / reclassified to confirm to the requirements of the current year.

## Kothari Industrial Corporation Limited

<b>CASH FLOW STATEMENT</b>	<b>For 2015-16</b>	<b>For 2014-15</b>
	Rs Lakhs	Rs Lakhs
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS) BEFORE TAX	(567.12)	(588.45)
ADD:		
NET DEPRECIATION FOR THE YEAR AFTER ADJ,	<u>506.25</u>	<u>44.80</u>
	(60.87)	(543.64)
LESS		
LOSS ON DISPOSAL OF ASSETS	(9.84)	88.25
INTEREST RECEIPTS	2.17	16.92
DIVIDENDS	-	0.05
	<u>(7.67)</u>	<u>105.22</u>
	(53.20)	(648.87)
<b>LESS: INCREASE IN CURRENT ASSETS/ CURRENT LIABILITIES</b>		
INVENTORIES	12.26	111.74
SUNDRY DEBTORS	(53.40)	373.08
LOANS AND ADVANCES	83.47	(194.50)
	<u>42.33</u>	<u>290.32</u>
CURRENT LIABILITIES AND PROVISIONS	(40.76)	(518.98)
	<u>(83.09)</u>	<u>(809.30)</u>
CASH FLOW NET CASH FLOW FROM OPERATING ACTIVITIES(A)	29.89	160.44
	29.89	160.44
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>INFLOW</b>		
INTEREST RECEIPTS	2.17	16.92
DIVIDENDS	-	0.05
PROFIT ON SALE OF ASSETS	<u>(9.83)</u>	<u>88.25</u>
	(7.66)	105.22

<b>OUTFLOW</b>			
NET INCREASE IN FIXED ASSETS	(21.34)	(4.20)	
DEFERRED REVENUE EXPENSES	-	-	
NET INCREASE IN INVESTMENTS	-	-	(4.20)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(21.34)		109.42
<b>B) CASH FLOW FROM FINANCING ACTIVITIES</b>			
RESERVES			
LOAN FUNDS	(67.96)	(351.42)	
SHARE CAPITAL	50.00		
SHARE APPLICATION MONEY	-	(55.00)	
NET CASH FLOW FROM FINANCING ACTIVITIES(C)	(17.96)		(406.42)
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	<b>25.61</b>		<b>(136.56)</b>
CASH AND CASH EQUIVALENT OPENING BALANCE	132.89		269.45
LESS: BANK BALANCES NOT CONSIDERED AS CASH AND CASH EQUIVALENTS AS DEFINED IN AS 3			
CASH AND CASH EQUIVALENT CLOSING BALANCE	132.89		269.45
	158.50		132.89
	<b>25.61</b>		<b>(136.56)</b>



**Mr. Dilip Machado**  
Director

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

Place : Chennai  
Date : 31.05.2017



**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 website: www.kotharis.in

**ATTENDANCE SLIP - 46<sup>TH</sup> Annual General Meeting – 28<sup>TH</sup> SEPTEMBER 2017**

Folio No..... Client ID No.....

Name of the Member ..... Signature.....

I/We hereby record my/our presence at the 46<sup>TH</sup> Annual General Meeting of the company to be held on Thursday, 28<sup>th</sup> September 2017 at 9.30 a.m. at company's Super Phosphate Factory at Kathivakkam, Ennore, Chennai 600057.

**PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.**

**Form No.MGT-11**

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

CIN No.	CIN: L24110TN1970PLC005865	Name of the shareholder	
Name of the Company	Kothari Industrial Corporation Ltd	Registered Address	
Registered Office	"Kothari Buildings", 114/117, Mahatma Gandhi Salai, Nungambakkam, Chennai 600 034	E-mail ID	
		Folio No./Client ID	
		DP ID	
Name of the shareholder		Name of the shareholder	
Registered Address		Registered Address	
E-mail ID		E-mail ID	
Folio No./Client ID		Folio No./Client ID	
DP ID		DP ID	

I/We hereby declare and authorize Mr./Mrs.....as my/our proxy to attend and vote on behalf for me/ us at the 46<sup>th</sup> Annual General Meeting of the company, be held on Thursday the 28<sup>th</sup> September 2017 at 9.30 a.m. at company's Super Phosphate Factory at Kathivakkam Village, Ennore, Chennai 600057 and at any adjournment thereof in respect of such resolutions as are indicated below: Put tick mark for the resolutions ( ✓ )

Sl.No.	Resolutions
	<b>Ordinary Business / Ordinary Resolution</b>
1	To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31 <sup>st</sup> March 2016, the Balance Sheet as at that date together with the Report of Auditors and the Directors thereon.
2	Ratification of the appointment of Messrs.Arockiasamy& Raj, Statutory Auditors for the year ended 31 <sup>st</sup> March 2016 in place of Messrs.N.Ganesan Associates
3	Appointment of Messrs.Arockiasamy& Raj, as Statutory Auditors, to hold office for a period of two years from the conclusion of this 46 <sup>th</sup> Annual General Meeting till the conclusion of the 48 <sup>th</sup> Annual General Meeting.
4	Re-appointment of Mrs.Surekha P Kothari(DIN05131936) as a Director of the company.
5	Appointment of Mr.J.Rafiq Ahmed (DIN02861341) as a Director of the Company.
	<b>Special Business / Special Resolution</b>
6	Approval and consent of the members is hereby sought to give the company's fertilizer factory on lease to M/s. Gemini Fertilizers, for manufacture of Single Super Phosphate
7	Consent of the members is hereby sought to borrow a sum not exceeding Rs. 100 Crores.

Signed this 28<sup>th</sup> day of September 2017.

Signature of the Shareholder :

Signature of Proxy holder(s)

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 the commencement of the meeting.

<p>Affix Re.1/- Revenue Stamp</p>
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# ROUTE MAP





