

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Mr. Pradip D. Kothari
Chairman & Managing Director

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

COMPANY SECRETARY

Mr. G. Mohan Das

AUDITORS

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

REGISTERED OFFICE:

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

FACTORY:

Super Phosphate Factory,
Ennore,
Chennai - 600 057.

SHARE TRANSFER AGENT:

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



KOTHARI INDUSTRIAL CORPORATION LIMITED

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

NOTICE TO MEMBERS

NOTICE is hereby given that the 43rd Annual General Meeting of the Company will be held at 10.30 A.M. on Wednesday the 18th September 2013 at Rani Seethai Hall, 603, Anna Salai, Chennai – 600006, to transact the following business:

ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2013 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 Dr.Easo John who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

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

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

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

"RESOLVED THAT Messrs.B.B.Naidu & Co., Chartered Accountants, Chennai, the

retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company in addition to traveling and other out of pocket expenses."

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai
Date : 30.05.2013

G.MOHAN DAS
COMPANY SECRETARY

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

Note:-

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 3rd September 2013 to Thursday the 5th September 2013(both days inclusive).

2. (a) Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System.

(b) M/s.Integrated Enterprises (India) Limited, Chennai-600 017 are the Registrars & Share Transfer Agents for dealing with electronic form of equity shares of the Company. The ISIN Code allotted to the Company is INE972A01020.



3. Members are requested to notify the change of address, if any immediately to the Company.
4. Members with identical order of names who are holding shares in multiple folios are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings into one folio.
5. Members/Proxies should bring Attendance Slip(duly completed) for attending the meeting as well as copy of the Annual Report.

ANNEXURE TO THE NOTICE

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

Name of the Director	Dr.Easo John
Date of Appointment	13.08.2009
Qualifications	M.B.A., Ph.D.
Expertise	Corporate Management
Directorships in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	Nil

Name of the Director	Mrs.Surekha P Kothari
Date of Appointment	19.09.2011
Qualifications	M.A.
Expertise	Management Expert
Directorships in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	1,11,323

Kothari Industrial Corporation Limited

REPORT OF THE DIRECTORS

Your Directors present herewith the Forty-third Annual Report on the performance of the Company along with the Audited Balance Sheet and Profit and Loss Account for the Financial Year ended 31st March, 2013.

The Financial Results are as follows:

	2012 - 13	2011 - 12
	(Rs.in Lacs)	
Turnover/ Income from Services	<u>10807.19</u>	<u>11329.85</u>
Profit/(Loss) before Interest and Depreciation	58.50	430.96
Interest and Finance Charges	232.83	292.76
Profit/(Loss) before Depreciation	(174.33)	138.20
Exceptional Items	6.65	(51.33)
Profit/(Loss) before depreciation	(167.68)	86.87
Depreciation	41.61	(39.19)
Taxation	-	-
Profit/(Loss) for the year	(209.29)	47.68
Balance Loss brought forward		
from the previous year	(2253.80)	(2301.48)
Loss carried to Balance Sheet	(2463.09)	(2253.80)

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31st March, 2013.

OPERATIONS:

The Turnover of Single Super Phosphate, NPK mixtures, Straight fertilizers and trading in pesticides was Rs.10576.02 Lakhs as compared to Rs.11162.32 Lakhs in the previous year. The Company produced 35891 MT of Single Super Phosphate during the year under review.

FUTURE PROSPECTS:

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

Further, the Company is making arrangements to set up the granulation facility of single super phosphate and NPK mixtures in its unit at Ennore.

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

CORPORATE GOVERNANCE:

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

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

DEPOSITS:

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

DIRECTORS:

Dr.Easo John & Mrs.Surekha P Kothari, Directors retires by rotation and are eligible for reappointment.

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.

- c) To the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) They have prepared the annual accounts on a going concern basis.

AUDITORS:

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

PARTICULARS OF EMPLOYEES:

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

RESEARCH & DEVELOPMENT:

During the year under review the Company has spent Rs.1.66 lakhs towards upgradation of in-house Research & Development wing at its Super Phosphate factory.

ACKNOWLEDGEMENT:

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

On behalf of the Board of Directors

Pradip D. Kothari
Chairman & Managing Director

Place: Chennai
Date: 30.05.2013

Kothari Industrial Corporation Limited

ANNEXURE – A

CONSERVATION OF ENERGY

FORM – A

Form for disclosure of particulars with respect to conservation of Energy

A. Power and Fuel Oil consumption Current Year 2012-13

(1) Electricity

a. Purchase power		
Units	:	738960
Variable cost (Rs.in lakhs)	:	-
Total cost (Rs. in lakhs)	:	61.03
Rate/Unit (Rs.)	:	5.50
Unit charges (Rs./Unit)**	:	5.50
Demand charges (Rs. / KVA)	:	300.00
*Net of wind farm adjustment	:	Nil
** Variable cost includes peak hour charges		Nil

b. Own generation	:	16760
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(2) Coal	:	Nil
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(3) Furnace Oil/LSHS	:	Nil
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(4) Diesel (for industrial lighting purpose)

Quantity (KL)		11.045
Total Amount (Rs. In Lakhs)		515794
Average Rate (Rs./KL)		46699.32096

(5) Windfarm	:	Nil
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B. Consumption per unit (MT) of production

Product	:	Single Super Phosphate
Production	:	35891 MT
Electricity consumed	:	738960 units
Consumption Per unit (MT) of production	:	Rs.170.04

FORM – B

Form of disclosure of particulars with respect to absorption

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FOREIGN EXCHANGE EARNINGS AND OUT GO

	USD	Rs.
Foreign Exchange earned	34840	1914841
Foreign Exchange spent	497167.96	27281339.82

ANNEXURE- B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Our Company's products being branded ones enjoy a market especially in the southern states of India. The Company recorded a turn over of Rs.10576.02 lakhs against the previous year turn over of Rs.11162.32 lakhs, thereby registering a reduction of 5.25% during the year under review.

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

INDUSTRY OUTLOOK

Our country is experiencing a good monsoon due to copious rains received as a result of the onset of southwest monsoon. Most of the reservoirs have got filled up and the farmers expect a bountiful agricultural output. As a result, the consumption of fertilizer is also anticipated to reach a higher level when compared to the previous year. The demand for NPK Mixtures is also likely to pick up with the Government implementing the Nutrient Based Subsidy Scheme. As a result, all fertilizer companies are likely to get benefited since a level playing field has been created by the Government.

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

The company is making arrangements to set up the granulation facility of Single Super Phosphate and NPK Mixtures in its unit at Ennore very shortly as the Government of India, has extended the validity of powdered Single Super Phosphate only till end April 2014.

ANNEXURE – C

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy:

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

2. Code of Conduct:

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

3. Board of Directors:

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

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None of the Directors of the Company is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in clause 49(1)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All the Directors have certified that none of them are disqualified as on 31st March 2013 from being appointed as a Director in terms of Clause (g) of sub-section (1) of 274 of the Companies Act, 1956.

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

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2013 are given below:

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2013 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 31.03.2013
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	1366288
Shri.K.Santhanam Director	Nil	Nil	Nil
Shri.Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr.Easo John Director	Nil	Nil	Nil
Mrs. Surekha P Kothari Director	Nil	Nil	111323

4. Audit Committee:

The Audit Committee presently consists of three non-executive Independent Directors i.e., Mr.K.Santhanam, Mr.Chetan Vijay Pagariya and Dr.Easo John. Mr.K.Santhanam is the Chairman of the Audit Committee. The Chairman & Managing Director, Internal Auditor, Statutory Auditor and the Company Secretary are invitees to the Audit Committee Meetings. The terms of reference of the Audit Committee cover the matters specified in respect of such Committee under Clause 49 of the Listing Agreement. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial

results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors reviewing related party transactions, compliance with the listing agreements and other legal requirements and the Company's financial and risk management policies and compliance with statutory requirements. A Chartered Accountant firm have been appointed as the Internal Auditors of the Company. They report directly to the Audit Committee of the Board.

4 Audit Committee Meetings were held during the year on 29.05.2012, 14.08.2012, 03.11.2012 & 13.02.2013.

5. Share Transfer Committee:

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

10 Share Transfer Committee Meetings were held during the year on 02.04.2012, 02.05.2012, 06.06.2012, 26.07.2012, 31.08.2012, 22.10.2012, 19.11.2012, 18.12.2012, 28.01.2013 & 26.02.2013.

6. Shareholders' Grievance Committee:

The Board of Directors have constituted a Shareholders' Grievance Committee to address to the redressal of the investors complaints received by the Company / Registrar and Transfer Agents. The Committee consists of one Executive Director and two non-executive Independent Directors namely, Mr.Pradip D. Kothari, Mr.K.Santhanam and Mr.Chetan Vijay Pagariya respectively. Mr.G.Mohan Das is the Member Secretary/Compliance Officer. During the year 29 complaints were received from the investors and all of them were dealt with satisfactorily.

4 Shareholders' Grievance Committee Meetings were held on 02.07.2012, 01.10.2012, 31.12.2012 & 30.03.2013.

7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31st March, 2013 are given below:

Name of the Director	Board Meetings	Audit Committee Meetings	Share Transfer Committee Meetings	Shareholders' Grievance Committee Meetings	AGM held on 26 th September 2012	Directors Sitting Fees Rs.
Shri.Pradip D. Kothari Chairman and Managing Director	4	Nil	10	Nil	Attended	Nil
Shri.K.Santhanam Director	4	4	10	4	Attended	40000
Shri.Chetan Vijay Pagariya Director	4	4	Nil	4	Attended	40000
Dr.Easo John Director	4	4	Nil	Nil	Attended	40000
Mrs.Surekha P Kothari Director	3	Nil	Nil	Nil	Attended	30000

4 Board Meetings were held during the year on 29.05.2012, 14.08.2012, 03.11.2012 & 13.02.2013.

8. Disclosures:

i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.

ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

Kothari Industrial Corporation Limited

iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.

9. Means of Communication:

As stipulated under Clause 41 of the Listing Agreement the quarterly / half-yearly / annual

results will be published by the Company in one English national newspaper and one Tamil newspaper within 48 hours of the conclusion of the Board Meeting in which the results are approved. They will also be displayed at the website of the Company.

10. General Shareholder Information:

(i) The Forty-Third Annual General Meeting of the Company will be held on 18th September, 2013 at Rani Seethai Hall, 603, Anna Salai, Chennai - 600006. The particulars of Annual General Meetings held during the last three years along with the special resolutions passed are as under:

Year	Date & Time	Venue	Special Resolutions considered thereof	Result
2009-10	28.09.2010 11.00 a.m	Narada Gana Sabha 314, T.T.K Road, Chennai - 600 018.	Nil	-
2010-11	21.09.2011 10.15 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Nil	-
2011-12	26.09.2012 10.15 a.m	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.	Nil	-

No resolution has been put through postal ballot.

No special resolution or ordinary resolution on matters requiring postal ballot are placed for approval of shareholders at the forthcoming 43rd AGM to be held on 18th September, 2013.

(ii) **Book Closure dates:** Tuesday the 3rd September 2013 to Thursday the 5th September 2013 (both days inclusive).

(iii) **Listing of Equity Shares:** The Company had already made an application with Bombay Stock Exchange for re-listing of its shares and said application is being processed. The matter is actively followed up.

11. Registrar and Share Transfer Agents:

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

12. Distribution of shareholding as on 31st March, 2013:

Range	Shareholders		Shares	
	Number	%	Number	%
UPTO 100	42344	81.52	1917747	15.36
101 - 200	5671	10.92	914047	7.32
201 - 500	2826	5.44	931046	7.46
501 - 1000	711	1.37	529438	4.24
1001 – 5000	272	0.52	492169	3.94
5001 – 10000	28	0.05	193101	1.55
10001 AND ABOVE	90	0.17	7506337	60.13
TOTAL	51942	100.00	12483885	100.00

13. Shareholding Pattern as on 31st March, 2013:

Sl. No.	Category	No. of holders	No. of shares	%
A	Promoters	68	2370603	18.99
B	Others			
1	Residents (individuals/clearing members)	51526	4968063	39.80
2	Financial Institutions/ Insurance Co./Banks/UTI	44	2788061	22.33
3	Foreign Institutional Investors	-	-	-
4	Bodies Corporate	277	1795855	14.39
5	Directors & Relatives	9	13247	0.10
6	Non Resident Indians	6	103890	0.83
7	Trusts	12	444166	3.56
	Total	51942	12483885	100.00

Kothari Industrial Corporation Limited

14. Dematerialization of shares:

As on 31st March 2013, 5299352 equity shares were held in dematerialized form representing about 42.45% of the total shares. The balance were held in physical form.

15. Address for Correspondence:

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

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

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

Company Secretary & Compliance Officer
M/s.Kothari Industrial Corporation Limited
"Kothari Buildings"
No.114/117, Mahathma Gandhi Salai,
Nungambakkam,
Chennai – 600 034.
Phone No.044-28334565
Fax No.044-28334581
E-mail: mohandas@kotharis.in

16. Green initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their e-mail address with the Company and changes therein from time to time.

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

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

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

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

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

- (a) I have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) I accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit Committee that:
 - (i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - (ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements and
 - (iii) To the best of my knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai
Date: 30.05.2013

Pradip D. Kothari
Chairman and Managing Director

Kothari Industrial Corporation Limited

Declaration on compliance with Code of Conduct

Pursuant to Clause-1(D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the financial year ended 31st March, 2013, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

Chennai
Date: 30.05.2013

Pradip D. Kothari
Chairman and Managing Director

Certificate of the Statutory Auditors on compliance of Corporate Compliance:

To the members of Kothari Industrial Corporation Limited:

We have examined the compliance of conditions of Corporate Governance by Kothari Industrial Corporation Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the listing agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

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

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

Place: Chennai
Date : 30.05.2013

A.SEKAR
Partner
Membership No.18784

INDEPENDENT AUDITORS' REPORT



To the Members of
KOTHARI INDUSTRIAL CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Kothari Industrial Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: Chennai
Date: 30th May 2013

(A.Sekar)
Partner
Membership No. :18784

Kothari Industrial Corporation Limited

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

1. In Respect of Fixed Assets:

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

2. In Respect of Inventories:

- a) inventories have been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
 - b) in our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed during physical verification between the physical stocks and the book records were not material.
3. a) The company has not granted any loans, secured / unsecured, from companies, firms (or) other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
b) The company has not taken any loans during the year from parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the aforesaid internal controls.
 5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
b) As per information & explanations given to us and in our opinion, the company has not made any transactions exceeding the value of five lakhs rupees in pursuance of contract or arrangements entered in the register maintained u/s 301 of the Companies Act. 1956.
 6. The Company has not accepted any deposits from public. Hence the directions issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975 do not apply.
 7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 8. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India under Section 209(1)(d) of the Companies Act, 1956, and are opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. a) According to the records of the Company, the Company has not deposited with appropriate authorities undisputed statutory dues including provident fund, income-tax and Tax deducted at Source aggregating to Rs. 89.56 lacs.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, value added tax, wealth tax, sales tax, customs duty, excise duty and cess were outstanding, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Value Added Tax and Cess which have not been deposited on account of disputes are given below.

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

10. The Company has accumulated losses at the end of the financial year which are more than 50% of its net worth of the Company. The Company has incurred cash loss during the current year but not in the immediate preceding financial year.
11. Based on our examination of the books and on the information and explanation given by the management, the company has defaulted in repayment of dues to financial institutions and banker(s) and the matter is pending adjudication before the Hon'ble Debt Recovery Tribunal, Chennai.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts in relation to shares, debentures and other instruments and timely entries have been made in those records. We also report that the company has held the shares, securities in its own name

Kothari Industrial Corporation Limited

15. The Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
16. According to the information and explanations given to us, the Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the financial statement of the Company, funds raised on short term basis have, prima facie, not been utilized for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act.
19. During the period covered by our audit report, the Company has not issued any debentures.
20. The Company has not raised any money by way of public issues during the year.
21. Based upon the audit procedures performed and based on the available information and explanations given by the management we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(A.Sekar)
Partner
Membership No. :18784

Place: Chennai
Date: 30th May 2013



**KOTHARI INDUSTRIAL CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH 2013**

Particulars	Note No	Rupees in Lacs	
		As at 31st March 2013	As at 31st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	624.19	624.19
Reserves and Surplus	3	761.98	1,445.95
(2) Share application money pending allotment		336.35	336.35
(3) Non-Current Liabilities			
Long-term borrowings	4	2,041.12	2,063.74
Deferred tax liabilities (Net)			
Other Long term liabilities	5	553.30	54.56
Long-term provisions	6	175.38	134.29
(4) Current Liabilities			
Short-term borrowings	7	460.30	660.29
Trade payables		1,819.32	3,010.38
Other current liabilities	8	1,817.86	2,185.96
Total		8,589.80	10,515.71
II. ASSETS			
Non-current assets			
<i>Fixed assets</i>			
(i) Tangible assets	9	4,529.11	4,999.68
(ii) Work in Progress		16.47	
Non-current investments	10	5.20	5.29
Deferred tax assets (net)		778.03	778.03
Long term loans and advances	11	1,072.82	1,337.41
Other non-current assets	12	0.50	4.94
(2) Current assets			
Inventories	13	1,159.42	2,213.31
Trade receivables	14	501.67	605.93
Cash and cash equivalents	15	288.74	383.27
Short-term loans and advances	16	237.84	187.85
Total		8,589.80	10,515.71

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

For and on behalf of the Board

A.Sekar
Partner
Membership No.18784

G.Mohan Das
Company Secretary

Pradip D Kothari
Chairman &
Managing Director

K.Santhanam
Director

Place: Chennai
Date: 30.05.2013

KOTHARI INDUSTRIAL CORPORATION LIMITED

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No	Rupees in Lakhs	
		As at 31st March 2013	As at 31st March 2012
Revenue from operations	18	10576.02	11,162.32
Other Income	19	231.17	167.53
		10,807.19	11,329.85
<i>Expenses:</i>			
Cost of materials consumed	20	3,816.73	4,342.77
Purchase of Stock-in-Trade		3,841.61	3,862.03
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	98.14	(633.18)
Employee benefits	22	749.18	721.59
Financial costs	23	232.83	292.76
Depreciation and amortization expense		41.61	39.19
Other expenses	24	2,243.03	2,605.68
		11,023.13	11,230.84
Profit/(Loss) before exceptional and extraordinary items and tax		(215.94)	99.01
Exceptional Items	25	6.65	(51.33)
Profit/(Loss) before extraordinary items and tax		(209.29)	47.68
Extraordinary Items		-	-
Profit/(Loss) before tax		(209.29)	47.68
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/(Loss) for the year from continuing operations		(209.29)	47.68
Earning per equity share:			
(1) Basic		(1.68)	0.38
(2) Diluted		(1.68)	0.38

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

For and on behalf of the Board

A.Sekar
Partner
Membership No.18784

G.Mohan Das
Company Secretary

Pradip D Kothari
Chairman &
Managing Director

K.Santhanam
Director

Place: Chennai
Date: 30.05.2013

NOTES TO ACCOUNTS

A BACK GROUND

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

B Significant Accounting Policies

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

i Revenue Recognition

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

ii Foreign Currency Transactions

Foreign Currency transactions are recorded at the rates prevailing on the date of the transactions. Exchange differences arising on settlement are recognized in the statement of Profit & Loss. Outstanding foreign balances are restated at exchange rates prevailing on the Balance Sheet date.

iii Employee Benefits

Short term employee benefits are estimated and provided for. Further Company's contribution to Provident Fund, Employees State Insurance and other funds are determined under the relevant schemes and/or statute are charged to revenue. Gratuity is provided for in the accounts based on an Actuarial Valuation.

iv Fixed Assets

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

v Depreciation

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

vi Borrowing Cost

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

vii Impairment of Assets

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

viii Investments

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

ix Inventories

Fertilizer mixtures are valued at lower of cost and net realizable value following first in first out method. Raw materials, Stores and Spare parts are valued at weighted-average cost and are inclusive of excise duty and other taxes wherever applicable

Kothari Industrial Corporation Limited

Note No. 1

The Company presently is facing certain difficulty in servicing debt and repayment on time of loans, due to insufficient cash flow from operations. The Company has business plans to utilize the full capacity of super phosphate factory which would significantly improve profitability besides optimum utilization of additional land available at Ennore for certain specified diversified business activity which would ensure additional cash inflows. Further the Company is contemplating to dispose off certain small parcels of land not useful to the Company to settle certain creditors.

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

		March 31, 2013	March 31, 2012
2	Share Capital		
	Authorised Share capital 5,00,00,000 (31st March 2011: 5,00,00,000)		
	Equity Shares of Rs.5 each	2,500.00	2,500.00
	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	
Total	624.19	624.19	

(a) Reconciliation of Number of shares

	March 31, 2013		March 31, 2012	
	No.of Shares	Amount	No.of Shares	Amount
Equity Shares				
Balance as at the beginning of the year	12,483,885	624.19	12,483,885	624.19
Balance as at the end of the year	12,483,885	624.19	12,483,885	624.19

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

	Percentage	Rupees in Lacs	
		March 31, 2013	March 31, 2012
Equity Shares			
Life Insurance Corporation	11.79%	1471679	1471679
Mr. P.D.Kothari	10.94%	1366288	1366288
Total		2837967	2837967

2.1 Additional Disclosures

Out of the Paid-up Capital

(i) 22,25,850 Equity Shares of Rs.10/- each were allotted as fully paid on amalgamation in February 1972 for consideration other than cash.

(ii) 8,29,760 Equity Shares of Rs.10/- each fully paid were allotted for consideration other than cash to certain financial institutions on conversion of part of secured loans, in the year 1981.

(iii) 20,00,000 Equity Shares of Rs.10/- each fully paid were allotted for consideration other than cash on 01.10.1983 as per the terms of issue to the holders of 13.5% Convertible Secured Debentures issued to the Public.

(iv) 45,68,200 Equity Shares of Rs.10/- each were allotted on 25.08.93 as fully paid on part conversion of 16% Secured Partly convertible Redeemable Debentures allotted on 25.02.93.

(v) The consent terms filed on 05.03.2000 with the Supreme Court and decreed by the said Court in the matter of share allotment and sale of 5.33 grounds of land effects of the decree has not been considered in the books of accounts of the company, since the consent decree terms are yet to be implemented. A suit has since been filed in Madras High Court for implementation of the scheme.

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

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

		March 31, 2013	Rupees in Lacs March 31, 2012
3	Reserves and Surplus		
	Capital Reserves	65.85	65.85
	Capital Redemption Reserves	18.00	18.00
	Revaluation Reserves	3141.22	3615.90
	Deficit	(2463.09)	(2253.80)
	Total	761.98	1445.95
3.1	Capital Reserves		
	Balance at the beginning of the year	65.85	65.85
	Balance as at the end of the year	65.85	65.85
3.2	Capital Redemption Reserves		
	Balance at the beginning of the year	18.00	18.00
	Balance as at the end of the year	18.00	18.00
3.3	Securities Premium Account		
	Balance at the beginning of the year	-	425.53
	Less : Appropriations	-	425.53
	Balance as at the end of the year	-	-
3.4	Revaluation Reserves		
	Balance at the beginning of the year	3615.91	810.01
	Add: Additions during the year	-	3000.01
	Less : Appropriations	474.69	194.11
	Balance as at the end of the year	3141.22	3615.91
3.5	Deficit:		
	Balance at the beginning of the year	(2253.80)	(2301.48)
	Profit/(Loss) for the year	(209.29)	47.68
	Less : Appropriations	-	-
	Deficit as at the end of the year	(2463.09)	(2253.80)
4	Long-term borrowings		
	Secured Term Loans		
	- From Banks	1605.65	1618.27
	- From Other	435.47	445.47
	Total	2041.12	2063.74

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

Kothari Industrial Corporation Limited

	Rupees in Lacs	
	March 31, 2013	March 31, 2012
5 Other long term liabilities		
Super Annuation Fund	49.38	54.56
Others	<u>503.92</u>	<u>0</u>
Total	<u>553.30</u>	<u>54.56</u>
	March 31, 2013	March 31, 2012
6 Long-term provisions		
Provision for Gratuity	<u>175.38</u>	<u>134.29</u>
Total	<u>175.38</u>	<u>134.29</u>
<p>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.</p>		
7 Short-terms borrowings		
Unsecured		
Loans repayable on demand		
-from Banks	7.33	7.33
-from other parties	<u>452.97</u>	<u>652.96</u>
Total	<u>460.30</u>	<u>660.29</u>
8 Other current liabilities		
Current maturities of long term debt	12.01	1.04
Interest accrued and due on borrowings	35.02	60.86
Unclaimed Dividends	6.98	6.98
Rent Deposit	131.78	130.94
Share application money	-	78.38
Share Premium	-	425.53
Statutory dues including PF and TDS	188.41	187.67
Salaries & Wages Payable	57.85	76.22
Other payables	<u>1385.81</u>	<u>1218.34</u>
Total	<u>1817.86</u>	<u>2185.96</u>

- 8.1 The issue of transfer of unclaimed/unencashed dividends of Rs.6.98 lakhs upto 1981-82 to Government is pending before the High Court of Judicature at Madras.

9 Tangible Assets

Rupees in Lacs

Assets	Gross Block					Depreciation					Net Block	
	April 1, 2012	Addition	Disposal	Other adjustments	March 31, 2013	April 1, 2012	Addition	Disposal	Other adjustments	March 31, 2013	March 31, 2013	March 31, 2012
Land	8.56		0.00	0	8.56	0.00		0.00	0.00	0.00	8.56	8.56
Buildings	6464.23		0.00	0	6464.23	1685.30	477.89	0.00	0.00	2163.19	4301.04	4778.93
Plant & Machinery	774.35	28.90	0.00	0	803.25	617.26	23.01	0.00	0.00	640.27	162.98	157.10
Furniture & Fittings	104.33	7.57	0.00	0	111.90	90.06	2.33	0.00	0.00	92.39	19.51	14.27
Vehicles	125.24	9.22	0.00	0	134.46	84.41	13.03	0.00	0.00	97.44	37.02	40.83
March 31, 2013	7476.71	45.69	0.00		7522.40	2477.03	516.27	0.00	0.00	2993.29	4529.11	4999.68
March 31, 2012	4411.98	3064.97	0.25		7476.71	2243.73	235.23	0.04	-1.89	2477.03	4999.68	2168.25

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9.1 Additional Disclosure

- (i) Land and buildings at Fertilizer Division were revalued in the years 1989, 1992 and again on 1st April 1995.
- (ii) Part of the "Kothari Building" belonging to the Company was revalued at the fair market value on 31st March 2012 and on 31st March 2002 respectively by an approved valuer.
- (iii) The appreciation in the value of the above fixed assets has been credited to Fixed Asset Revaluation Reserve.

Kothari Industrial Corporation Limited

	March 31, 2013	Rupees in Lacs March 31, 2012
10 Non-current investments		
Investments in Equity instruments		
- 52000 shares of Katiken Logistics Ltd @ Rs. 10 each	5.20	5.20
Investments in Government and Trust securities		
- National Savings Certificates	-	0.08
Other non-current investments		
- Mittal Court Co-op Society	-	0.01
Total	5.20	5.29
11 Long Term Loans and Advances		
Secured considered good		
Security Deposits	105.67	101.20
Rental Deposit	12.03	11.86
Advances recoverable in cash or in kind	43.68	44.82
Other loans & advances		
- Prepaid expenses	0.75	-
- Balances with Govt. Authorities	910.69	1,151.66
- Others	-	27.87
Sub Total	911.44	1,179.53
Total	1,072.82	1,337.41
12 Other non-current assets		
Others		
Long term deposits with Banks with maturity more than 12 months	0.50	4.94
Total	0.50	4.94
13 Inventories		
Raw materials	227.54	1,188.71
Work in progress		
Finished goods	402.07	559.83
Stock in trade(Land)	484.60	424.98
Stores and spares	-	7.76
Others		
- Packing Materials	45.21	32.03
Total	1,159.42	2,213.31

Rupees in Lacs

March 31, 2013 **March 31, 2012**

Details of Finished Goods Inventory		
13.1 Particulars		
(i) Goods Manufactured		
- SSP	46.16	31.82
- NPK Mixtures	3.97	11.28
 (ii) Details of Traded goods		
- Agro Products	53.86	122.29
- Micro & Bio Products	25.86	24.03
- ST. Fertilisers	189.46	354.21
- NPK Mixtures	80.27	12.02
- Pesticides	2.49	4.18
 Total	402.07	559.83
 14 Trade receivables		
Unsecured, considered good		
-Outstanding for a period exceeding 6 months from the date they are due for payment	69.33	65.58
-Others	427.10	535.11
Unsecured, considered doubtful		
-Outstanding for a period exceeding 6 months from the date they are due for payment	5.24	5.24
 Total	501.67	605.93
 15 Cash and cash equivalents		
Balances with banks		
- In current account	277.40	371.62
Cash in hand	11.34	11.65
 Total	288.74	383.27
 16 Short term loans and advances		
Loans and advances unsecured and considered good		
-Advance Income tax	164.19	131.26
	73.65	56.59
 Total	237.84	187.85

Kothari Industrial Corporation Limited

	Rupees in Lacs	
	March 31, 2013	March 31, 2012
17 Contingent liabilities and commitments (to the extent not provided for)		
Contingent liabilities		
Claims against the company not acknowledged as debt		
-Disputed sales tax demands under appeal including stay of recovery granted for Rs.854.65 lakhs (Rs.20.50 lakhs paid under protest included under advances) (Based on another Supreme Court order and legal Opinion such demands may not be sustainable)	876.89	876.89
-Others(Exclusive of Interest)	145.00	145.00
Guarantees	7.00	7.00
Other money for which the company is contingently liable		
- Differential Customs Duty on Import machinery Availed under export obligation scheme		
- Interest if any, on Mortgage Loan of is 45000000.00 under negotiation along with other connected issues and the rate of interest and quantum thereof, if any, and is presently under negotiation and pending resolution and quantification of the liability, if any, has not recognized in the accounts	84.07	84.07
Total	1,112.96	1,112.96
18 Revenue from Operations (for companies other than a finance company)		
Revenue from - Sale of Fertilisers	10,619.89	11,191.59
Less: Excise Duty	43.87	29.27
Total	10,576.02	11,162.32
18.1 (i) Details of Sales (Finished goods)		
- SSP	3,834.61	5,010.37
- NPK Mixtures	1,667.74	1,795.03
(ii) Details of Sales (Traded goods)		
- Agro Products	218.35	257.83
- Micro & Bio Products	354.78	373.00
- ST. Fertilisers	1,750.26	1,661.18
- NPK Mixtures	2,442.11	1,874.63
- Sugar Sales	19.15	-
- Pesticides	332.89	219.55
Total	10,619.89	11,191.59
19 Other Income		
Interest on Deposits	1.08	0.33
Interest received others	0.27	2.94
Lease Rental Receipts	153.21	151.55
Dividend income	0.04	0.03
Receipts on Sale of Land	21.24	-
Receipts on Sale of Flat	21.00	-
Other non-operating income		
- Other Income	34.33	12.68
Total	231.17	167.53

	Rupees in Lacs	
	March 31, 2013	March 31, 2012
20 Cost of Materials consumed		
Raw materials consumed		
Opening stock	1188.71	180.10
Add: Purchases (Net)	2855.56	5351.38
Less: Inventory at the end of the year	227.54	1188.71
Cost of Materials consumed during the year	3816.73	4342.77
Total	3816.73	4342.77
21 Changes in inventory of finished goods and Work in progress		
(Increase)/decrease in stock		
Stock at the end of the year:		
Finished goods	402.07	559.83
Land held as stock-in-Trade	484.60	424.98
Total A	886.67	984.81
Stock at the beginning of the year:		
Finished goods	559.83	276.66
Land converted into Stock-in-Trade	424.98	74.97
Total B	984.81	351.63
Total	98.14	(633.18)
22 Employee Expense		
Salaries and wages	589.01	574.89
Contribution to PF	42.49	60.53
Contribution to Gratuity	69.97	62.61
Staff welfare expenses	47.71	23.56
Total	749.18	721.59
23 Finance Costs		
Interest	192.68	266.71
Other borrowing costs	40.15	26.05
Total	232.83	292.76

Kothari Industrial Corporation Limited

	Rupees in Lacs	
	March 31, 2013	March 31, 2012
24 Other Expenses		
Consumption of stores and Packing Materials	215.57	218.94
Power and fuel	65.78	54.56
Rent	57.83	56.13
Audit Fees		
- Statutory Audit	3.00	3.31
- Tax Audit	1.50	1.65
- Cost Audit	0.79	-
Repairs to buildings	11.21	12.34
Repairs to machinery	61.19	79.43
Repairs others	12.22	-
Director Sitting Fee	1.10	1.50
Insurance	15.08	14.95
Rates & Taxes	2.98	9.78
Travelling expenses	145.70	140.96
Professional Charges	39.98	60.44
Selling Expenses	827.56	920.02
Foreign Exchange Loss	139.56	36.09
Other Manufacturing expenses	461.98	778.54
Other Expenses	180.00	217.04
Total	2,243.03	2,605.68
25 Exceptional Items		
Debit / Credit of Earlier Years	6.65	(51.33)
Total	6.65	(51.33)

26 Related Parties Disclosure:

(i) Name of the Key Management Personnel:

Mr. Pradip D. Kothari - Chairman and Managing Director

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

(ii) Mrs.Surekha P Kothari, W/o.Chairman & Managing Director has joined the Board of the company on 19.09.2011

(iii) Mrs.Antara Kothari, D/o.Chairman and Managing Director is working in the company as Vice President (Business Development)

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

Associate Companies / Firms

Kothari (Madras) International Limited

(v) Particulars of Transactions

Nature of Transaction	Amount(Rs. in lakhs)
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(a)Purchase of Raw Materials & finished goods	1,615.81
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Amount of Rs. 122.35 lakhs is outstanding as on 31st March, 2013 from M/s.Kothari (Madras) International Limited

(b) Remuneration paid to Mrs.Antara Kothari Rs.16.20 lakhs

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

	March 31, 2013	March 31, 2012
Number of shares of Rs.5/- each	12,483,885	12,483,885
Basic & Diluted Earnings(in Rupees) per Share	(1.68)	0.38

28 As per the records and information available with the company there are no amounts outstanding as on 31st March, 2013 payable to :

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

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

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

CASH FLOW STATEMENT

	FOR 2012-13	:	FOR 2011-12	
	Rs LACS	:	Rs LACS	
A) CASH FLOW FROM OPERATING ACTIVITIES		:		
NETT PROFIT/(LOSS) BEFORE TAX	(209.29)	:	47.68	
ADD:		:		
DEPRECIATION FOR THE YEAR AFTER ADJ.	<u>41.61</u>	:	<u>39.19</u>	
	(167.68)	:	86.87	
LESS:		:		
PROFIT ON SALE OF FIXED ASSETS	-	:	-	
INTEREST RECEIPTS	1.35	:	3.27	
DIVIDENDS	<u>0.04</u>	:	<u>0.03</u>	
	<u>1.38</u>	:	<u>3.30</u>	
	(169.07)	:	83.57	
LESS: INCREASE IN CURRENT ASSETS/CURRENT LIABILITIES		:		
INVENTORIES	1053.89	:	1645.29	
SUNDRY DEBTORS	104.26	:	93.40	
LOANS AND ADVANCES	<u>219.05</u>	:	<u>705.32</u>	
	1377.20	:	2444.00	
CURRENT LIABILITIES AND PROVISIONS	1019.37	:	(2550.38)	
	<u>(357.84)</u>	:	<u>(106.38)</u>	
CASH FLOW	188.77	:	189.95	
NET CASH FROM OPERATING ACTIVITIES (A)	188.77	:	189.95	
B) CASH FLOW FROM INVESTING ACTIVITIES		:		
INFLOW		:		
INTEREST RECEIPTS	1.35	:	3.27	
SALE OF LAND	-	:	-	
DIVIDENDS	0.04	:	0.03	
PROFIT ON SALE OF FIXED ASSETS	<u>-</u>	:	<u>-</u>	
	1.38	:	3.30	

OUTFLOW	Rs. LACS	:	Rs. LACS
NETT INCREASE IN FIXED ASSETS	62.16	:	64.71
DEFFERED REVENUE EXPENSES	-	:	(19.43)
NETT INCREASE IN INVESTMENTS	<u>(0.09)</u>	:	<u>5.20</u>
	62.07	:	<u>50.49</u>
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(60.68)	:	(47.19)
C)CASH FLOW FROM FINANCING ACTIVITIES		:	
RESERVES		:	
LOAN FUNDS	<u>(222.62)</u>	:	<u>(21.48)</u>
SHARE APPLICATION MONEY		:	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>(222.62)</u>	:	<u>(21.48)</u>
NETT INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(94.53)</u>	:	<u>121.28</u>
CASH AND CASH EQUIVALENT OPENING BALANCE	383.27	:	270.95
LESS : BANK BALANCES NOT CONSIDERED AS CASH AND CASH EQUIVALENTS AS DEFINED IN AS 3	<u>383.27</u>	:	<u>8.95</u>
CASH AND CASH EQUIVALENT CLOSING BALANCE	<u>288.74</u>	:	<u>383.27</u>
	<u>(94.53)</u>	:	<u>121.28</u>

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For and on behalf of the Board

Place : Chennai
Date : 30.05.2013

PRADIP D.KOTHARI
Chairman &
Managing Director

K. SANTHANAM
Director



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

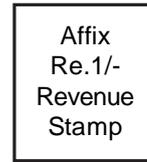
PROXY FORM

I / Weof
 in the District ofbeing a member/members of the
 abovenamed company hereby appoint..... of in the District
 of or failing him of
in the District of as my/our
 Proxy to vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company to be held
 on Wednesday, the 18th September, 2013 at 10.30 A.M at Rani Seethai Hall, 603, Anna Salai, Chennai-
 600 006.

Signed this day of 2013

Signed by the said

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



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

*Applicable to shares held in electronic form



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

ATTENDANCE SLIP

(To be handed over at the Meeting Hall)

Folio No.

*D.P. ID No.

Name of the shareholder

*Client ID No.

I hereby record my presence at the 43rd Annual General Meeting of the Company held on Wednesday, the 18th September, 2013 at 10.30 A.M at Rani Seethai Hall, 603, Anna Salai, Chennai-600 006.

.....
 Signature of the Proxyholder

.....
 Signature of the Shareholder

*Applicable to shares held in electronic form.

BOOK-POST



If undelivered please return to:

KOTHARI INDUSTRIAL CORPORATION LIMITED

Regd. Office: 'Kothari Buildings' Box No.3332,
No.114, Mahathma Gandhi Salai,
Nungambakkam, Chennai - 600 034.

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