

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

| | | |
|------------------------------|--------------|---|
| Mr. Pradip D. Kothari | DIN 01315682 | Chairman |
| Mr.J.Rafiq Ahmed | DIN 02861341 | Vice Chairman & Managing Director |
| Mr. Dilip Machado | DIN 06895289 | Independent Director |
| Mr. D.Gunasekaran | DIN 07326495 | Independent Director |
| Mrs. T.A. Rajalaxmi | DIN 08148628 | Independent Director (Appointed w.e.f.11.06.2018) |

COMPANY SECRETARY

Mr. Anil Kumar Padhiali

CHIEF FINANCIAL OFFICER

Mr. V. Singaravel

STATUTORY AUDITORS

M/s. Arockiasamy & Raj (Regn. No. 006850S)
Chartered Accountants
New No.8/2, Old No. 19, 2nd Cross Street,
Kalaimagal Nagar, Ekkaduthangal,
Chennai - 600 032.

INTERNAL AUDITOR

M/s. N. Ganesan Associates
Chartered Accountants
Lake View Building, 2nd Floor,
TNSC Bank upstairs,
New No.177/3, Old No.136
Valluvarkottam High Road,
Nungambakkam,
Chennai - 600 034.

SECRETARIAL AUDITOR

Mr. R. Srinivasan
Practicing Company Secretary,
A-2, Sri Vijayam - Ceebros Apartments,
9, Vijayaraghava Road, T. Nagar,
Chennai 600 017.

BANKERS:

Karur Vysya Bank
State Bank of India
City Union Bank

REGISTERED OFFICE:

“Kothari Buildings”
114, Mahathma Gandhi Salai,
Chennai – 600 034.
Tel.No.+91 044-28334565
CIN No. L24110TN1970PLC005865
Email: enquiries@kotharis.in
Website: www.kotharis.in

FACTORY:

Super Phosphate Factory,
(under lease arrangement with
Gemini Fertilizers)
Ennore, Chennai-600 057.

REGISTRARS:

M/s. Integrated Registry Management Services Private Limited

2nd Floor, “Kences Towers”,
1, Ramakrishna Street, off North Usman Road,
T. Nagar, Chennai 600 017.

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KOTHARI INDUSTRIAL CORPORATION LIMITED

CIN No. L24110TN1970PLC005865

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

Email: enquiries@kotharis.in | Website: www.kotharis.in | Tel.No.+91 044-28334565

NOTICE TO MEMBERS

NOTICE is hereby given that the **49th** Annual General Meeting of the Company will be held at **10.30 a.m. on Monday, 30th September, 2019** at Company's Super Phosphate Factory situated at Kathivakkam Village, Ennore, Chennai 600057, to transact the following business:

ORDINARY BUSINESS

- To consider and adopt:
 - The Audited Standalone Financial Statements of the Company for the financial Year ended 31st March, 2019 and the Reports of Board of Directors and Auditors thereon.
 - The Audited Consolidated Financial Statements of the Company for the financial Year ended 31st March, 2019 and the Report of Auditors thereon.
- To appoint a Director in the place of Mr. Pradip D Kothari (DIN: 01315682), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. Re-appointment of Mr. Dilip Machado Machado (DIN 06895289) as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Dilip Machado Machado (DIN 06895289) whose current period of office is expiring on 30th March, 2020 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and hold office for a second term five (5) consecutive years, i.e., up to 30th March, 2025;

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such

acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

4. Approval of Related party Transactions

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members be and is hereby accorded for approval of material related party transactions entered into by the Company with related party as mentioned below;

Rs. in lakhs

| Name of the Related Party | Nature of transactions | Transactions during the Financial Year 2018-19 | Proposed transactions to be entered during the year 2019-20 | From April 01, 2020 till the date of 50 th Annual General Meeting to be held in Calendar Year 2020 |
|---------------------------|--|--|---|---|
| Gemini Fertilizers | Purchase of raw materials & finished goods | 465.99 | 10000.00 | 5000.00 |

"RESOLVED FURTHER THAT the Board of Directors and/ or a Committee thereof, be and is hereby, authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Important Notes:-

1. 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. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

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.

2. Relevant Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013, in respect of Special Business item nos. 3 to 4, as set out above is annexed hereto.
3. 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.

4. The Register of Members and the Share Transfer books of the Company will remain closed from 24.09.2019 to 30.09.2019 (both days inclusive), for the purpose of Annual General Meeting.
5. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company/Integrated has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialization.
7. Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under the Members holding shares in single name may, at any time, nominate in form SH-13, any person as his/her nominee to whom the securities shall vest in the event of his/ her death. Nomination would help the nominees to get the shares transmitted in their favor without any hassles. Members desirous of making any cancellation/variation in the said nomination can do so in form SH14. The nomination forms can be downloaded from the Company's website www.kotharis.in.
8. 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.
9. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions
10. Re-appointment of Directors {Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of

Kothari Industrial Corporation Limited

Company Secretaries of India are set out in the Annexure to the Explanatory Statement}.

11. Electronic copy of the Full Version of the Annual Report for the year 2018-19 and the notice of the 49th 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.
12. Full version of the Report and the Notice of the AGM are available in the Company's website viz., 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.
13. No dividend has been proposed by the Board of Directors for the year ended 31st March, 2019.
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 6.30 p.m.) Monday to Saturday, except Holidays, upto and including the date of the Annual General Meeting of the Company.
15. Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System. The ISIN Code allotted to the Company is INE972A01020.
16. M/s. Integrated Registry Management Services Private Limited, Chennai-600 017 are the Registrars & Share Transfer Agents for dealing with electronic form of equity shares of the Company.
17. 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.
18. Shareholders/Proxies/Authorized Representatives are requested to affix their signatures at the space provided on the Attendance Slip and surrender the same at the AGM venue.

19. Members/Proxies/Authorized Representatives are requested to bring the copy of the Annual Report for the AGM.

Voting Through Electronics Means

20. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, as amended from time to time, the Company is pleased to provide Members with the facility to exercise their right to vote on resolutions proposed to be considered at the 49th Annual General Meeting by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the Meeting ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
21. The facility for voting through ballot paper shall be made available at the Meeting and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper.
22. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th September 2019 at 09.00 a.m. and ends on 29th September 2019 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 of 23rd September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) After dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Monday, 23rd September 2019 may obtain the login ID and password by sending an email to enquiries@kotharis.in or helpdesk.evoting@cDSLindia.com by mentioning

their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.

- (iii) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cutoff date i.e. Monday, 23rd September 2019.
- (iv) The shareholders should log on to the e-voting website www.evotingindia.com.
- (v) Click on Shareholders.
- (vi) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps given below:
- (x)

| | For Members holding shares in Demat Form and Physical Form |
|-----|--|
| 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"> • Members who have not updated their PAN with the Company/RTA/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name of the CAPITAL letters. Example, if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (SI. No. mentioned in your address label can be used as Sequence No. for this purpose) |

| | |
|--|--|
| Dividend Bank Details OR Date of Birth (DOB) | <ul style="list-style-type: none"> • 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. • 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). |
|--|--|

- (xi) After entering these details appropriately, click on "SUBMIT" tab.
- (xii) 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.
- (xiii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiv) Click on the EVSN for the relevant Company Name **"KOTHARI INDUSTRIAL CORPORATION LIMITED"** on which you choose to vote.
- (xv) 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.
- (xvi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xvii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box

Kothari Industrial Corporation Limited

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.

(xviii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xx) 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.

(xxi) **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.**

(xxii) **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 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.
- 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 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.

(xxiii) 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, under help section or write an email to helpdesk.evoting@cdslindia.com or call 18002005533.

23. Mr. R. Srinivasan, Practicing Company Secretary, (C.P.No.7779) Email id:momu18@gmail.com, Mobile no. 9840158156 has been appointed as the Scrutinizer to scrutinize the e-voting as well as physical ballot process in a fair and transparent manner.

24. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours from the conclusion of the AGM to the Chairman of the Annual General Meeting. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kotharis.in and website of CDSL <http://www.evotingindia.com> and also forward the same to Bombay Stock Exchange Limited, Mumbai simultaneously, where the Company's shares are listed.

25. Route Map showing directions to reach to the venue of the 49th Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standard-2(SS-2) on "General Meeting."

Explanatory Statement pursuant to the provisions of Sec.102 (1) of the Companies Act, 2013:

Item No.3

Mr. Dilip Machado Machado (DIN: 06895289) was appointed as an Additional Director cum Independent Director on the Board of the Company on March 31, 2015. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, members of the Company at the Annual General Meeting held on 30th March, 2016 approved the appointment of Mr. Dilip Machado Machado as an Independent Director of the Company for a period of 5 years.

As per the provisions of Section 149 (6) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of up to five years, on passing of a special resolution by shareholders at the General Meeting.

The Company has received declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1) (b) of SEBI Listing Regulations and his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mr. Dilip Machado Macahdo as an Independent Director of the Company commencing from, 31st March 2020 up to 30th March, 2025 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

Based on the recommendations of the Nomination & Remuneration Committee and keeping in view the expertise of Mr. Dilip Machado Macahdo, the Board of Directors at its meeting held on 30 May, 2019 approved the continuance of office of Mr. Dilip Machado Machado as mentioned in the resolution.

The Nomination & Remuneration Committee and the Board evaluated the performance of Mr. Dilip Machado Machado, rated him satisfactory on all parameters and recommended his re-appointment.

The disclosure containing the profile and other details of Mr. Dilip Machado Machado as required under Regulation 36(3) of SEBI (Listing Obligations And Disclosure Requirement) Regulations, 2015 and Secretarial Standard -2 (SS-2) issued by the Institute of Company Secretaries of India is annexed to the Notice.

Copy of the draft letter for re-appointment of Mr. Dilip Machado Machado as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Except Mr. Dilip Machado Machado, None of the Directors or Key Managerial Personnel of the Company and / or their relatives is concerned or interested, financially or otherwise, in the resolution.

Board recommends the resolution set-forth in Item No.3 for approval of the members, by way of Special Resolution.

Item No.4

During the Financial Year 2018-19, your Company has entered into certain business transactions with "Related Parties" as defined under Section 2 (76) of the Companies Act, 2013. The Company is also proposed to increase business transactions with one of the related party i.e. Gemini Fertilizers, during Financial Year 2019-20.

Current and future transactions with all related party will be deemed to be material in nature as defined in Regulation 23 of SEBI (LODR) Regulations, 2015, as the transactions may exceed 10% of the Annual Turnover of last Audited Financial Statement of the company. Thus in terms of Sec., 188 of Companies Act, 2013 and in rules 15 (3) of the companies (meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (LODR) Regulations 2015 these transactions would require the approval of the members by way of Ordinary Resolution.

In respect of voting on such resolution(s), the said related party shall abstain from voting.

Particulars of the contracts/arrangements/transactions:

Kothari Industrial Corporation Limited

| | |
|---|---|
| Name of the Related Party | Gemini Fertilizers |
| Name of Director(s) or KMP who is/are related | Rafiq Ahmed |
| Nature of Relationship | The Proprietor of Gemini Fertilizers is Mr. J. Rafiq Ahmed who is also Managing Director/KMP in Kothari Industrial Corporation Limited. |
| Nature of contracts / arrangements / transactions | Purchase of Raw Materials & finished goods |
| Material terms of the contracts / arrangements / Transactions | The transactions would be at arm's length and at prices which would be competitive and not prejudicial to the interest of the company. |
| Monetary Value | Amount mentioned in the resolution for corresponding period |
| Are the transactions in the ordinary course of business | Yes |
| Are the transactions on an arm's length basis | Yes |
| Whether the transactions have been/would be approved by the Audit Committee and the Board of Directors of the Company | Yes |
| Any other information relevant or important for the members to make a decision on the proposed transactions | None |

The monetary value of the transaction proposed is estimated on the basis of the Company's current transactions and future business. The transactions would be at arm's length and at prices which would be competitive and not prejudicial to the interest of the company.

Except Mr. J Rafiq Ahmed, Vice Chairman and Managing Director & KMP, none of the Directors or KMP or their relatives are interested in the resolution set out in item no. 4.

The Board accordingly recommends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

ANNEXURE TO THE NOTICE

Particulars of the Director seeking Reappointment/Appointment in the forthcoming Annual General Meeting pursuant to Reg. 36(3) of SEBI (Listing Obligations And Disclosure Requirement) Regulations, 2015 and Secretarial Standard -2 (SS-2) issued by the Institute of Company Secretaries of India.

I.

| | |
|--|---|
| Name of the Director | Mr. Pradip D Kothari |
| Date of Birth | 08.12.1947 |
| Age | 71 |
| Date of Appointment | 28.04.1972 |
| Qualification | B.A |
| Expertise | Industrialist |
| Directorships in other companies | Kothari Marine International Limited |
| Membership / Chairman in other companies | Nil |
| Committee Membership | Member a) Audit Committee |
| Shareholding in Kothari Industrial Corporation Limited | 3266288 |
| Relationship with Other Directors, Manager and others Key Managerial Personnel of the Company. | Nil |
| Number of meetings attended during the year | Please refer Corporate Governance Section |

II.

| | |
|--|--|
| Name of the Director | Mr.Dilip Machado Machado |
| Date of Birth | 01.10.1970 |
| Age | 49 |
| Date of Appointment | 31.03.2015 |
| Qualification | U.G |
| Expertise | Industrialist (Shipping & Logistics) |
| Directorships in other companies | 1) I.S.Machado Logistics (P) Ltd 2) Kothari Madras International Limited |
| Membership / Chairman in other companies | Nil |
| Committee Membership | Chairman a) Audit Committee b) Nomination and Remuneration Member a) Stakeholders Relationship Committee |
| Shareholding in Kothari Industrial Corporation Limited | 1 |
| Relationship with Other Directors, Manager and others Key Managerial Personnel of the Company. | Nil |
| Number of meetings attended during the year | Please refer Corporate Governance Section |

Kothari Industrial Corporation Limited

BOARD'S REPORT

Dear Members,

Your Directors hereby present their 49th Annual Report on the business and operations together with the Audited Accounts of the Company for the year ended March 31, 2019.

SUMMARY OF FINANCIAL RESULTS:

| Particulars | Rs. in lakhs | |
|--|--------------|----------|
| | 2018-19 | 2017-18 |
| Total Revenue | 1926.93 | 1,845.75 |
| Total Expenses | 2099.59 | 1,933.62 |
| (Loss) before Depreciation, Interest, Exceptional Item Tax | (172.66) | (87.87) |
| Depreciation | 47.18 | 48.20 |
| Interest | 0.56 | 6.54 |
| Profit/(Loss) before Exceptional Item and Tax | (220.40) | (142.61) |
| Exceptional Items (net) | (281.51) | 110.85 |
| Profit/(Loss) before Tax | 61.11 | (253.46) |
| Tax Expenses | - | - |
| Profit/(Loss) for the year | 61.11 | (253.46) |
| Other Comprehensive Income | 54.76 | 0.83 |
| Total Comprehensive Income | 115.87 | (252.63) |
| Earnings per share | 0.32 | (1.32) |

DIVIDEND

In view of the continued losses, your Directors are unable to recommend any dividend for the year ended 31st March, 2019.

PERFORMANCE

The turnover for the year 2018-19 is marginally higher than last year. The turnover of water soluble fertilizers was increased to Rs.6 crores as compared to Rs.50 lakhs in the previous financial year. Production of Single Super Phosphate at Ennore factory was affected by non-availability of Sulphuric Acid, due to closure of its manufacturer in South India, a common factor affecting all fertilizer manufacturing factories in South India. This has resulted reduced royalty income for the company.

Further, due to the ban on manufacture of NPK Mixtures continued during first half of the financial year and was lifted in October 2018 resulting in the manufacture of mixtures only for a period of five months during the year.

The business plan of traded products of the company would augment the turnover and profitability of the company for the coming year.

PROSPECTS

With the prospects of favourable monsoon during the balance of the current season, augmentation of supplies of traded goods from suppliers and reorientation of the marketing team, it is expected that the company would register better performance during the coming year.

DIVERSIFICATION

Shareholders are aware at the Extra-ordinary General Meeting held on 26th February 2019, the object clause of Memorandum of Association has been expanded to include a large range of activities which the company can embark upon. The Managing Director is actively engaged in exploring various avenues for diversification as envisaged in the expanded object clause and with the assistance of technical and financial experts would consider feasibility for implementation of some of the diversification plans, for which purpose, adequate injection of funds would be sought for.

TRANSFER OF PROPERTY

Pursuant to the approval of the shareholders at the Extra-ordinary General Meeting of the company held on 26th February 2019, the company since sold two floors of Kothari Buildings to M/s.Gemini Iron and Steel Pvt. Ltd. for a consideration of Rs.23 crores which has resulted in substantial profit to the company.

The Horse Brand products of the company commend ready acceptability in the market place which is an added strength to the company.

SHARE CAPITAL:

The paid up equity share capital as on 31st March 2019 remains unchanged at Rs. 955.54 lakhs.

The company has not issued any shares during the year under review.

TRANSFER TO RESERVES

Your company has not transferred any amount to the reserves for the year ended 31st March, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE:

In terms of provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, (hereinafter referred to as Listing Regulations) the Management Discussion and Analysis Report is appended as **Annexure I** to this report.

PARTICULARS OF EMPLOYEES:

The details of remuneration of Directors and Employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure II** to this report.

A statement showing the remuneration of employees who were in receipt of remuneration as prescribed under Rule 5(2) & Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this report and will be provided to any member on a written request to the Company Secretary.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A) Change in Board Constitution

- i) Mr. Pradip D Kothari, Director will retire at the forthcoming Annual General Meeting. He is eligible for re-election and offers himself accordingly.
- ii) Board of Directors had appointed Ms.Thoopjlamudu Arulpathy Rajalaxmi as an Additional Director under the category of independent director of the Company with effect from 11th June, 2018 and appointed as Independent Director at the 48th Annual General Meeting held on 26.09.2018
- iii) The tenure of Mr. Dilip Machado Machado, independent director of the company would lapse on 30.03.2020 and is eligible for reappointment. The Board of Directors on the basis of the recommendation of the Nomination and Remuneration Committee has proposed their reappointment, subject to approval of the members of the company at the ensuing Annual General Meeting for further period of 5 years commencing from 31.03.2020 to 30.03.2025.

B) Details with regards to meeting of Board of Directors and attendance during the year of the Company

- (i) Composition of the Board of Directors as on the date of this Report is mentioned below;

Kothari Industrial Corporation Limited

| Name of the Director | Designation | Category |
|-------------------------------------|-----------------------------------|------------------------|
| Mr. Pradip D Kothari | Director/Chairman | Non-executive Director |
| Mr. Rafiq Ahmed | Vice Chairman & Managing Director | Executive Director |
| Mr. Gunasekaran | Director | Independent Director |
| Mr. Dilip Machado Machadoo | Director | Independent Director |
| Ms.Thoopjlamudu Arulpathy Rajalaxmi | Director | Independent Director |

(ii) Meeting of Board of Directors and Attendance during the Year:

During the FY 2018-2019, 8 meetings of the Board of Directors of the Company were held i.e. on 30.05.2018, 11.06.2018, 18.06.2018, 14.08.2018, 14.11.2018, 01.02.2019, 13.02.2019 & 27.02.2019. The gap between two meetings did not exceed 120 days. The attendance of the members at the Board of Directors meetings was as follows:

| Name of Director | No. of Board Meetings attended |
|-------------------------------------|--------------------------------|
| Mr. Pradip D Kothari | 8 |
| Mr. Rafiq Ahmed | 7 |
| Mr. Gunasekaran | 8 |
| Mr. Dilip Machado Machadoo | 8 |
| Ms.Thoopjlamudu Arulpathy Rajalaxmi | 6 |

(C) Policy on Directors' Appointment and Remuneration:

The Policy of the Company on Director's Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of director and other matters provided under Section 178(3) of the Companies Act, 2013, adopted by the Board, is appended as **Annexure III** to this report. We affirm that the Remuneration paid to the director is as per the terms laid out in the said policy.

(D) Declaration by Independent Directors:

The Company has received necessary declarations from each Independent Director(s) under Section

149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

(E) KEY MANAGERIAL PERSONNEL:

The following are Key Managerial Personnel:

Mr. J Rafiq Ahmed, Managing Director

Mr. Anil Kumar Padhiali, Company Secretary cum Compliance officer

Mr. V. Singravel, Chief Financial Officer

COMPOSITION OF BOARD'S COMMITTEES:

Currently, the Board has three Committees: the Audit Committee, the Nomination and Remuneration Committee, and the Stakeholder's Relationship Committee. All Committees are appropriately constituted. Details of the All Committee are listed in the Corporate Governance Report.

BOARD EVALUATION:

Annual evaluation of the performance of the Board, its Committees and of individual directors has been made, pursuant to the section 134(3) of the Companies Act, 2013.

The Nomination and Remuneration Committee ("NRC") reviewed the annual performance of the individual Directors.

In a separate meeting of Independent Directors, performance of non-Independent Directors, performance of the Board as a whole was evaluated.

VIGIL MECHANISM:

The Company has established a mechanism for Director's and employee's to report their concerns relating to fraud, malpractice or any other activity or

event which is against the interest of the Company. The Whistle Blower Policy is in place. Employees can report to the Management concerned unethical behaviour, act or suspected fraud or violation of the Company's Code of Conduct Policy. No Employee has been denied access to the Audit Committee. The Vigil Mechanism policy of the company is available on our website www.kotharis.in.

CORPORATE SOCIAL RESPONSIBILITY:

As per the provision of Section 135 of the Companies Act, 2013, all companies having a net worth of Rs.500 crore or more, or a turnover of Rs.1,000 crore or more or a net profit of Rs.5 crore or more during any financial year are required to constitute a CSR committee and hence our Company do not meet the criteria as mentioned above and also in view of continued losses the Company has not constituted any Corporate Social Responsibility Committee and the provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013:

The Company has in place a Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013. All the employees (permanent, Contractual, temporary, Trainees) are covered under this policy. During the year under review, no complaints were received falling under the category of Sexual Harassment of Women.

SECRETARIAL AUDITOR:

Pursuant to provisions of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Mr.R.Srinivasan, Company Secretaries in practice, Chennai to conduct the Secretarial Audit of the Company for the 12 months period ended on 31st March, 2019. The Secretarial Audit Report (in Form MR-3) is attached as **Annexure-IV** to this Report.

Comments of the Board on the Observation/qualification/reservation/adverse remarks/disclosure made:

| Observations by Secretarial Auditor | Our Reply |
|---|--|
| As indicated in the previous year 2017-18 Annual Report, the Company had convened the Annual General Meetings for FY 2015-16 on 28th September 2017 and for FY 2016-17 on 30th December 2017 for which permissions were not granted by ROC and the company made applications for compounding of offence with NCLT, Chennai and the same were pending before them and since there were no hearing for a long time, the company had withdrawn the said applications made with NCLT and is presently in the process of filing a fresh application with the Regional Director, Ministry of Corporate Affairs, Shastri Bhavan, Chennai, as per new norms prescribed under the Act. | Initially the company had filed application for compounding of offence with NCLT, and ROC, Chennai and the same were pending before them and since there was no hearing for a long time, the company had withdrawn the said applications made with NCLT and As per Ordinance Act, 2018; Company had filed the 3 GNL-1 forms with ROC, MCA, Chennai for all 3 years. The physical copies are being submitted to Regional Director, MCA and Registrars of Companies, MCA, Chennai. |
| As per the terms of the listing agreement, the company is required to maintain the shareholders data at a single point with the Registrar & Transfer Agents (RTA) and the company is still in the process of updating the data and to hand over the same to the RTA. | The Company had handover the physical shareholders data to the Registrar & Transfer Agents. The process is expected to be completed shortly. |

Kothari Industrial Corporation Limited

AUDITORS AND STATUTORY AUDITORS REPORT:

At the 48th Annual General Meeting of the company held on 26th September 2018 M/s. Arockiasamy & Raj, Chartered Accountants, Chennai, were re-appointed as Statutory Auditors for a period of five years. The Independent Auditors' Report on the accounts for the financial year ended 31st March 2019 does not contain any qualificatory remarks.

PARTICULARS ON CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (i) Energy Conservation: The superphosphate factory is under long lease and the lessee has taken appropriate steps to ensure energy in a comprehensive manner. The disclosure pertaining to Energy conservation is not applicable to your Company.
- (ii) Foreign Exchange Earnings and Outgo: The Company has not earned or spent any foreign exchange during the year under review. The disclosure pertaining to Foreign Exchange Earnings and Outgo is not applicable to your Company.
- (iii) Research and Development & Technology Absorption: The Company is not directly engaged in manufacture. The disclosure pertaining to Research and Development & Technology Absorption is not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that:-

- a) In the preparation of the Accounts for the Financial Year ended 31st March 2019 the applicable accounting standards and schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed along with the proper explanation relating to material departure;
- b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs

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

- c) To the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.
- e) 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 on an ongoing basis quite effective to operate effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES:

Kothari Marine International Limited is a subsidiary of the Company. The subsidiary Company is incorporated as on 13/07/2018 with the paid up capital of Rs.10,00,000/-. The Company is holding 99.99 percent shares of that Company and does not have any Associate Company nor does it have Joint Venture with any entity. Consolidated Financial statements are applicable to your Company.

CONSOLIDATION FINANCIAL STATEMENTS:

The Audited Consolidated financial statements of the company for the Financial Year ended 31st March 2019 together with the report of the Independent Auditors form part of the Annual Report.

Pursuant to first proviso to subsection (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rule, 2014 a statement containing salient features of financial statements of subsidiary is annexed as **Annexure V**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loan or guarantee in terms of Section 186 of the Companies Act, 2013,

during the financial year 2018-19. During the year under review, Company has made an investment in Kothari Marine International Limited, the details of investment is mentioned in notes to the financial statements.

RISK MANAGEMENT

The Company has implemented a risk management policy including identification therein of elements of risk, if any, which in the opinion of the Board is adequate.

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 – VI.**

RELATED PARTY TRANSACTIONS:

During the year under review, the company has entered into any contract or arrangement in terms of section 188(1) of Companies Act, 2013 have been on arm's length and in ordinary course of business and they were not material in nature. Accordingly, the particulars of the transactions as prescribed in Form AOC - 2 is annexed as **Annexure-VII.**

CORPORATE GOVERNANCE:

The provision of Corporate Governance is not applicable on the Company in terms of Regulation 15(2) of SEBI (LODR) Regulations, At the Company, we constantly strive to evolve and follow up on the Corporate Governance guidelines. However, as a matter of good practice, and best practices a separate section on Corporate Governance is annexed as **Annexure- VIII** to this Report.

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 has a well-placed, proper and adequate internal control system, which ensures that all assets

are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. This has been endorsed by statutory auditors in their separate report which is annexed.

INTERNAL AUDITOR:

M/s. N. Ganesan Associates, Chartered Accountants as the Internal Auditor of the Company have carried out effective internal audit of the operations and accounts of the company during the year.

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 is not in arrears of listing fees and most of the formalities have been completed for revocation of suspension.

DEPOSITS:

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

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 of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Kothari Industrial Corporation Limited

Annexure I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2019.

1. INDUSTRY STRUCTURE, DEVELOPMENT: India is the third largest producer and consumer of mineral fertiliser globally. Over the years, the Indian fertiliser industry has grown significantly on the back of favourable demand, government's support and increasing agricultural output. Presently, the Government is actively focusing on addressing balanced crop nutrition and improving soil health. During the period under the review, the Company had been operating in Fertilizers activity i.e manufacturing of Fertilizers product. The Fertilizers industry has always been an important part of people's lives in India. The fertilizers industry in India is one of the oldest manufacturing sectors in the country and is currently it's largest.

2. OPPORTUNITIES & THREATS: Government's vision to double farmer's income by 2022 is likely to increase agri inputs consumption. Improved awareness about soil health and sustainable practices to promote balanced organic fertilizer. Central and State governments' support towards drip and microirrigation adoption to improve the resource use efficiency and promote water soluble fertiliser usage. The Government is committed to encourage the healthy growth of Capital Market for development of the Economy.

3. SEGMENT-WISE PERFORMANCE: The Company's main business activity is trading of Fertilizers product and its related activities which fall under two reportable segments. The company has rentals income on its property leased out to various tenants subsequent to the close of the financial year. Major portion of the company's rentable space have been parted pursuant to the approval of the shareholders at the Extra-ordinary General Meeting held on 26th February 2019. The

rental income is likely to be significantly reduced going forward.

The Company has majorly focused on quality and production. During the year, the Company has recorded a turnover of Rs. 1926.93 Lacs as compared to Rs. 1,845.75 Lacs in the previous year.

4. OUTLOOK: The Company continues to explore the possibilities of expansion and will make the necessary investments when attractive opportunities arise. Company will continue to focus on improving the quality of customer engagement, creating new infrastructure & strengthening existing operations, promoting a safe work environment, enabling culture for happy and satisfied employees, thereby enhancing its stakeholder's value creation. Overall, with a normal monsoon expectation and strengthened business processes, KICL expects to sustain its growth momentum in 2019-20. The company is exploring other significant business opportunities as part of diversification scheme which would generate financial outlay and the profitability of the company during the rest of the current financial year 2019-20.

5. RISK & CONCERNS: Risk management is a very important part of the Company's business policy. Risk Management structure spans across different levels and the Company, continuously identifies, classifies and formulates mitigation measures. The key risk management practices include risk assessment, measurement, monitoring, reporting, mitigation actions and integration with strategy and business planning. The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework

has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments. The Company has identified various risks and also has mitigation plans for each risk identified.

The risks associated with the Company's businesses are broadly classified into 4 major categories:

Economic Risk: Due to downturn or adverse political situations which may negatively impact on the Company's organizational objectives.

Regulatory Risk: Due to inadequate compliance to regulations, contractual obligations or any other statutory violations, this may lead to litigations and loss of reputation.

Financial Risk: Due to major fluctuations in currency market, rise in interest rates and possible non recovery of debts, this could impact the organization.

HR & Legal Risk: Due to attrition of any Key Managerial Person or disruption of operations due to any other human resources issue.

6. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY : Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. The Company's operating and business control procedures ensure efficient use of resources and comply with the procedures and regulatory requirements. There are adequate internal controls to safeguard the assets and protect them against losses from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The Audit Committee periodically reviews the internal controls systems and reports their observations to the Board of Directors. The

Directors have appointed M/s. N. Ganesan Associates, Chartered Accountants as the Internal Auditors of the Company for the FY 2018-19.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE : During the year, the Company has recorded a turnover of Rs.1926.93 Lacs as compared to Rs.1,845.75 Lacs in the previous year. The Company has made net profit of Rs. 61.11 Lacs as compared to net loss of Rs. (253.46) Lacs of the previous year after providing depreciation, tax, etc. for the year ended 31st March, 2019.

8. HUMAN RESOURCE DEVELOPMENT : Human resources are the most important resources in an organization and need to be used efficiently, because success, stability and growth of an organization depend on its ability in acquiring, utilizing and developing the human resources for the benefit of the organization. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company believes that the human resources are vital in giving the Company a Competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition / dissemination, creativity and responsibility. As in the past, the Company has enjoyed cordial relations with the employees at all levels. The Company continues to run an in-house training program held at regular intervals and aimed at updating their knowledge about issues. Total number of employees as on 31st March 2019 was 49.

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Kothari Industrial Corporation Limited

Annexure II

Details under Section 197(12) Of the Companies Act, 2013 Read With Rule 5(1) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(I) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and such other details:

No remuneration was received by any directors in the company during the financial year 2018-19. Mr. Gunasekaran and Mr. Dilip Machadoo Machadoo are received only sitting fees. (For this purpose, sitting fees paid to the Mr. Gunasekaran and Mr. Dilip Machadoo Machadoo have not considered as Remuneration).

(II) There is no percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Manager, except Company Secretary, in the financial year:

- No remuneration received by the director, so the question of percentage increase in remuneration of each director doesn't arise. Mr. Gunasekaran and Mr. Dilip Machadoo Machadoo are received only sitting fees (For this purpose, sitting fees paid to the Mr. Gunasekaran and Mr. Dilip Machadoo Machadoo have not considered as Remuneration)
- There is no increase of remuneration of CFO in the financial year.
- There is no Chief Executive Officer in the financial year, so the question of percentage

increase in remuneration of Chief Executive Officer doesn't arise.

- There is 25% increase of remuneration of CS in the financial year.
- (iii) The percentage decreased in the median remuneration of employees in the financial year: (3.68%)
- (iv) There were 49, permanent employees on the rolls of the Company as on 31.03.2019.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- Average percentage increase in the salaries of employees other than the Managerial Personnel in the last financial year is 1.18 % and there is no percentile increase in the managerial remuneration.
- (vi) It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time and Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

1. DEFINITIONS:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

2. OBJECTIVE:

The objective of the policy is to ensure that

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel’s and Senior Managerial Personnel’s of the quality required to run the company successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. ROLE OF THE COMMITTEE:

The role of the NRC will be the following:

- a) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- b) To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- c) To devise a policy on diversity of Board of Directors.
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- e) To make recommendations for the appointment and removal of directors;
- f) To decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance of evaluation of Independent Directors.
- g) To Ensure that the Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
- h) Ensure that our Company has in place a programme for the effective induction of new directors;
- i) To review, on an on going basis, the structure of the board, its committees and their inter relationship;
- j) To recommend to the Board, the remuneration packages of our Company’s Managing / Joint Managing / Deputy Managing / Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives,

Kothari Industrial Corporation Limited

stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);

- k) To implement, supervise and administer any share or stock option scheme of our Company; and
- l) To attend to any other responsibility as may be entrusted by the Board.

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

5. TERM / TENURE:

- a) Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by

the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Companies Act, 2013 and Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015.

6. EVALUATION:

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

7. REMOVAL:

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

8. RETIREMENT:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

9. POLICY FOR REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL:

a) Remuneration to Managing Director / Whole-time Directors:

- i) The Remuneration/ Commission etc. to be paid to Managing Director / Whole - time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- ii) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

b) Remuneration to Non-Executive / Independent Directors:

- i) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- ii) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- iii) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- iv) Any remuneration paid to Non-Executive / Independent Directors for services rendered

which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (ii) above if the following conditions are satisfied:

- The Services are rendered by such Director in his capacity as the professional;
 - And In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- ### c) Remuneration to Key Managerial Personnel and Senior Management:
- i) The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
 - ii) The Fixed pay shall include monthly remuneration and may include employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
 - iii) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

10. IMPLEMENTATION:

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- b) The Committee may Delegate any of its powers to one or more of its members.

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Form No.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2018-19

[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 these cretarial 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 hereby report :-

That in my opinion, the company has, during the audit period covering the financial year 2018-19 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 2018-19 to the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made there under along with other specific industry regulations.

(ii) Secretarial Standards notified by the Institute of Company Secretaries

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, SEBI Regulations including LODR Regulations as under:

1. **As indicated in the previous year 2017-18 Annual Report, the Company had convened the Annual General Meetings for FY 2015-16 on 28th September 2017 and for FY 2016-17 on 30th December 2017 for which permissions were not granted by ROC and the company made applications for compounding of offence with NCLT, Chennai and the same were pending before them and since there were no hearing for a long time, the company had withdrawn the said applications made with NCLT and is presently in the process of filing a fresh application with the Regional Director, Ministry of Corporate Affairs, Shastri Bhavan, Chennai, as per new norms prescribed under the Act.**
2. **As per the terms of the listing agreement, the company is required to maintain the shareholders data at a single point with the Registrar & Transfer Agents (RTA) and the company is still in the process of updating the data and to hand over the same to the RTA.**

The company has carried out the following during year under review:

- (i) Pursuant to the approval of shareholders at the Extra-ordinary General Meeting (EGM) held on 26th February 2019, the company has (a) transferred two floors in Kothari Buildings belong to the company to a company who is the related party and the transfer has been effected on 16th April 2019. (b) the balance two floors in Kothari Building belong to the company has to be transferred to a Financial Creditor. The above transactions would get reflected in the accounts of the coming year.

(ii) The Company has invested Rs.9,99,940/- comprising of 9,994 shares of Rs.10/- each in its subsidiary Kothari Marine International Limited representing 99.99% of the share capital of the subsidiary.

(iii) The proceedings initiated by the Collector of Nilgiris for repossession of certain plots of land in Coonoor earmarked for public use has been challenged by the company on a Writ Petition filed before Madras High Court and the matter is pending adjudication.

(iv) Pursuant to an arbitration award dated 30.9.2017 relating to additional electricity dues of Caustic Soda plant sold by the Company in the year 1986 is amounting to Rs.2.31 Crores together with interest at 6% p.a. The Company has challenged the award before the Madras High Court which is pending adjudication.

(v) At the EGM held on 26th February 2019 the following additional clauses were included in the Memorandum of Association of the company are as under:

(1) "To carry on the business of buy, sell, trade, deal in or distribute, act as commission agents, brokers, facilitators, clearing and forwarding agents, to import/ export natural of minerals, oils or other natural resources, river sand and other allied minerals, M sand and or any other artificially or synthetically manufactured sand fit for construction, infrastructure projects by whatever name called, civil constructions of all types and or any other allied products including through mining or dredging of canals, seas and other natural places, either in India or outside India and for the purpose to form partnerships or joint ventures with such person/s.

(2) "To carry on the business of general logistic service provider, to carry on business as general carriers and freight forwarders and to provide passenger carrier services, carrier freight

transport, courier, truck, light or heavy haulage and delivery services by land, road, railway, sea, river, canal, water, or air for and in connection with any containers, packages, parcels, mails, goods or bulk commodities and for that purpose to purchase, hire or take on charter any ships, tugs, barges, lorries, vans, trailers and other vessels or vehicles of any description and to carry, collect, store, consign, distribute, transfer and deliver goods, wares, post, merchandise, parcels, packages, baggage, freight, animals, livestock, timber, coal, oil, ores and other minerals and other property of every description by any mode of transportation, and generally for such purposes to build, own, lease, acquire, manage and operate warehouses, bonded warehouses, container freight and terminal stations, cold storage facilities, open stock and dumping yards, yard for segregation of wastes, disposal of wastages and dredging operations act as agents for shippers and consigners, and to issue warehouse warrants and receipts and bills of lading."

The company has not embarked upon any of the activities mentioned in the above object clauses.

(vi) The company's shares continue to be under suspension mode with BSE and steps are being taken by the company to revoke the suspension for trading.

(vii) The company's super phosphate factory at Ennore has been leased out to Gemini Fertilizers, a related party. The compliance of various statutes relating to the running of the factory, compliance of labour regulations, pollution control and other employee related enactments are the responsibilities of the lessee and not of the company.

(viii) As required under the present norms of Ministry of Corporate Affairs, the company has filed the Form INC-22A on time.

Kothari Industrial Corporation Limited

I further report that:

The Board of Directors of the company is duly constituted and proper balance of Executive, Non-executive and Independent Directors. A woman Director Mrs. T.A. Rajalaxmi was appointed as an Additional Director on 11th June 2018 and was elected Director for a period of five years at the AGM held on 26th September 2018.

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 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.

R. SRINIVASAN
Practising Company Secretary
ACS No. 2654
CP No. 7779

Place : Chennai
Date : 13.06.2019

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.

Annexure-A

(My report of even date is to be read along with this Annexure)

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices i followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

R. SRINIVASAN
Practising Company Secretary
ACS No. 2654
CP No. 7779

Place : Chennai
Date : 13.06.2019

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/
joint ventures**

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars | Details |
|---------|---|--------------------------------------|
| 1. | Name of the subsidiary | Kothari Marine International Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01.04.2018 to 31.03.2019 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable |
| 4. | Share capital | 1000000 |
| 5. | Reserves & surplus | 0 |
| 6. | Total assets | 2248067 |
| 7. | Total Liabilities | 2248067 |
| 8. | Investments | 0 |
| 9. | Turnover | 0 |
| 10. | Profit before taxation | 0 |
| 11. | Provision for taxation | 0 |
| 12. | Profit after taxation | 0 |
| 13. | Proposed Dividend | 0 |
| 14. | % of shareholding | 99.99 |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Kothari Marine International Limited
- Names of subsidiaries which have been liquidated or sold during the year. N.A

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019

[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”, 4th 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 Registry Management Services Private Ltd II Floor, “Kences Towers” 1, Ramakrishna Street Off.NorthUsman 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/ service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Trading of Fertilizers product | 20129 | 87 |

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 |
|---------|---|-----------------------|--------------------------------|-----------------|--------------------|
| | KOTHARI MARINE INETRATIONAL LIMITED Kothari Buildings, Mahatma Gandhi Salai, Nungambakkam High Road, Chennai-600034 | U74999TN2018PLC123706 | Subsidiary | 99.99% | 2(87) |

Kothari Industrial Corporation Limited

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

i. Category-wise Share Hold

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2018 (total no. of shares 19110885) | | | | No. of Shares held at the end of the year 31.03.2019 (total no. of shares 19110885) | | | | % Change during the year |
|--|--|----------------|----------------|-------------------|--|----------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| I) Indian | | | | | | | | | |
| a) Individual/ HUF | 1071980 | 7660679 | 8732659 | 45.70 | 1734513 | 6795090 | 8529603 | 44.63 | (1.06) |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp | 102130 | 5396 | 107526 | 0.56 | 107526 | 0 | 107526 | 0.56 | 0 |
| e) Banks / R | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (1):- | 1174110 | 7666075 | 8839105 | 46.25 | 1842039 | 6795090 | 8637129 | 45.19 | (1.06) |
| II) Foreign | | | | | | | | | |
| g) NRIs-Individuals | 0 | 103890 | 103890 | 0.54 | 203056 | 103890 | 306946 | 1.60 | 1.06 |
| h) Other-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Bodies Corp. | 0 | 360000 | 360000 | 1.88 | 0 | 360000 | 360000 | 1.88 | 0 |
| j) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| k) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (2):- | 0 | 463890 | 463890 | 2.43 | 203056 | 463890 | 666946 | 3.48 | 1.06 |
| Total Public Shareholding (A)=(A)(1) + (A)(2) | 1174110 | 8129965 | 9304075 | 48.68 | 2045095 | 7258980 | 9304075 | 48.68 | 0 |
| III) Public Shareholding | | | | | | | | | |
| I) Institutions | | | | | | | | | |
| a) Mutual Funds | 20000 | 133580 | 153580 | 0.80 | 20000 | 133580 | 153580 | 0.80 | 0 |
| b) Banks / FI | 2603669 | 6241 | 2609910 | 13.65 | 2604229 | 6241 | 2610470 | 13.65 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2018 (total no. of shares 19110885) | | | | No. of Shares held at the end of the year 31.03.2019 (total no. of shares 19110885) | | | | % Change during the year |
|---|--|-----------------|-----------------|-------------------|--|-----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Others (specify) Foreign National | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(1) | 2623669 | 139821 | 2763490 | 14.46 | 2624229 | 139821 | 2764050 | 14.46 | 0 |
| II) Non - Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | 323481 | 144497 | 467978 | 2.44 | 343038 | 120741 | 463779 | 2.42 | (0.02) |
| (ii) Overseas | 100 | 0 | 100 | 0.01 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1191154 | 3715903 | 4907057 | 25.67 | 1345022 | 3704108 | 5049130 | 26.42 | 0.75 |
| (ii) Individual shareholders holding nominal share capital in excess Rs. 1 lakh | 237182 | 1190277 | 1427459 | 7.46 | 240425 | 1175181 | 1415606 | 7.40 | (0.06) |
| c) Others | | | | | | | | | |
| 1. Foreign National | 4267 | 0 | 4267 | 0.02 | 0 | 0 | 0 | 0 | (0.02) |
| 2. Trusts | 737 | - | 737 | 0.003 | 787 | 100 | 887 | 0.004 | 0.001 |
| 3. HUF | 22096 | 46332 | 68428 | 0.35 | 43655 | 3155 | 46810 | 0.24 | (0.11) |
| 4. NRI | 13876 | 153418 | 167294 | 0.87 | 17020 | 49528 | 66548 | 0.34 | (0.53) |
| Sub Total (B) (2) | 1792893 | 5250427 | 7043320 | 36.86 | 1989947 | 5052813 | 7042760 | 36.86 | 0 |
| Total Public Shareholding (B) = (B) (1) + (B) (2) | 4416562 | 5390248 | 9806810 | 51.32 | 4614176 | 5192634 | 9806810 | 51.32 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 5590672 | 13520213 | 19110885 | 100.00 | 6659271 | 12451614 | 19110885 | 100 | 0 |

Kothari Industrial Corporation Limited

ii. Category-wise Share Hold

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year 01.04.2018 | | | Shareholding at the end of the year 31.03.2019 | | | % change in share holding during the year |
|--------|------------------------------------|---|----------------------------------|---|---|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered o total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered o total shares | |
| 1 | Pradip D. Kothari | 3266288 | 17.09 | - | 3266288 | 17.09 | - | 0 |
| 2 | Surekha P. Kothari | 111323 | 0.58 | - | 111323 | 0.58 | - | 0 |
| 3 | Maya D. Kothari | 76410 | 0.40 | - | 76410 | 0.40 | - | 0 |
| 4 | Mitali P. Kothari | 168090 | 0.88 | - | 168090 | 0.88 | - | 0 |
| 5 | Piyali P. Kothari | 203056 | 1.06 | - | 203056 | 1.06 | - | 0 |
| 6 | Antara P. Kothari | 167245 | 0.88 | - | 180492 | 0.94 | - | 0.06 |
| 7 | Kunal D. Banker | 6112 | 0.03 | - | 0 | 0 | - | (0.03) |
| 8 | Aditi D. Banker | 2512 | 0.01 | - | 0 | 0 | - | (0.01) |
| 9 | Avanti D. Banker | 4623 | 0.02 | - | 0 | 0 | - | (0.02) |
| 10 | Asha Thayer | 103890 | 0.54 | - | 103890 | 0.54 | - | 0 |
| 11 | Solaman Investments | 360000 | 1.88 | - | 360000 | 1.88 | - | 0 |
| 12 | Kothari & Sons Nominees Pvt. Ltd., | 107526 | 0.56 | - | 107526 | 0.56 | - | 0 |
| 13 | A. Rabindran Swamidason | 2500000 | 13.08 | - | 2500000 | 13.08 | - | 0 |
| 14 | RakeshGarg | 1840000 | 9.63 | - | 1840000 | 9.63 | - | 0 |
| 15 | K.Santhanam | 20000 | 0.10 | - | 20000 | 0.10 | - | 0 |
| 16 | N.Ravichandran | 100000 | 0.52 | - | 100000 | 0.52 | - | 0 |
| 17 | T.Sankaran | 40000 | 0.21 | - | 40000 | 0.21 | - | 0 |
| 18 | N. Srinivasan | 40000 | 0.21 | - | 40000 | 0.21 | - | 0 |
| 19 | G. Mohan Das | 60000 | 0.31 | - | 60000 | 0.31 | - | 0 |
| 20 | N.K. Sukkal | 60000 | 0.31 | - | 60000 | 0.31 | - | 0 |
| 21 | N. Santharam | 5000 | 0.03 | - | 5000 | 0.03 | - | 0 |
| 22 | A.R. Raja | 2000 | 0.01 | - | 2000 | 0.01 | - | 0 |
| 23 | D. Ravindra Reddy | 60000 | 0.31 | - | 60000 | 0.31 | - | 0 |
| | Total | 9304075 | 48.68 | - | 9304075 | 48.68 | - | 0 |

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

| Sr. No. | Name of the Promoter | Shareholding at the beginning of the year (total no. of shares 19110885) | | Cumulative Shareholding during 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 | Antara P Kothari | | | | |
| | At the beginning of the year 01.04.2018 | 167245 | 0.88 | 167245 | 0.88 |
| | Inter se Transfer of Shares from Kunal D Banker, Aditi D. Banker, Avanti D. Banker to Antara P Kothari as on 29.06.2018 | 13247 | 0.06 | 180492 | 0.94 |
| | At the End of the year 31.03.2019 | 180492 | 0.94 | 180492 | 0.94 |

| Sr. No. | Name of the Promoter | Shareholding at the beginning of the year (total no. of shares 19110885) | | Cumulative Shareholding during 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 |
| 2 | Kunal D. Banker | | | | |
| | At the beginning of the year 01.04.2018 | 6112 | 0.03 | 6112 | 0.03 |
| | Shares transfer to Antara P Kothari as on 29.06.2018 | (6112) | 0.03 | 0 | 0 |
| | At the End of the year 31.03.2019 | 0 | 0 | 0 | 0 |

| Sr. No. | Name of the Promoter | Shareholding at the beginning of the year (total no. of shares 19110885) | | Cumulative Shareholding during 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 |
| 3 | Aditi D. Banker | | | | |
| | At the beginning of the year 01.04.2018 | 2512 | 0.01 | 2512 | 0.01 |
| | Shares transfer to Antara P Kothari as on 29.06.2018 | (2512) | 0.01 | 0 | 0 |
| | At the End of the year 31.03.2019 | 0 | 0 | 0 | 0 |

| Sr. No. | Name of the Promoter | Shareholding at the beginning of the year (total no. of shares 19110885) | | Cumulative Shareholding during 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 |
| 4 | Aditi D. Banker | | | | |
| | At the beginning of the year 01.04.2018 | 4623 | 0.02 | 4623 | 0.02 |
| | Shares transfer to Antara P Kothari as on 29.06.2018 | (4623) | 0.02 | 0 | 0 |
| | At the End of the year 31.03.2019 | 0 | 0 | 0 | 0 |

Note : There was no change in share holding of promoters except point no. iii during the financial year under review.

Kothari Industrial Corporation Limited

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 01.04.2018 (total no. of shares 19110885) | | Shareholding at the end of the year 31.03.2019 (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 | 7.70 | 1471629 | 7.70 |
| 2 | A. Sahabudeen | 1129793 | 5.91 | 1129793 | 5.91 |
| 3 | The New India Assurance Co. | 391673 | 2.05 | 391673 | 2.05 |
| 4 | Ind Eco Ventures | 260000 | 1.36 | 260000 | 1.36 |
| 5 | The Oriental Insurance Co Limited | 255947 | 1.34 | 255947 | 1.34 |
| 6 | United India Insurance Company Ltd | 207262 | 1.08 | 207262 | 1.08 |
| 7 | V Sengutuvan | 200000 | 1.04 | 200000 | 1.04 |
| 8 | National Insurance Co. Ltd | 180801 | 0.95 | 180801 | 0.95 |
| 9 | General Insurance Corporation of India | 95597 | 0.50 | 95597 | 0.50 |
| 10 | Credit Capital Investment Trust Co Ltd | 74980 | 0.39 | 74980 | 0.39 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of Directors and KMP | Shareholding at the beginning of the year 01.04.2018 (total no. of shares 19110885) | | Shareholding at the end of the year 31.03.2019 (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 | 3266288 | 17.09 | 3266288 | 17.09 |
| 2 | Mr. Dilip Macahdo | 1 | 0.00000052 | 1 | 0.00000052 |
| 3 | Mr. Gunasekaran | 1 | 0.00000052 | 1 | 0.00000052 |

Note :

- Shareholding of other directors are Nil.
- None of the KMP hold any shares of the company at the beginning, during or end of the year under review.

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 | 1189.32 | 7.15 | - | 1196.47 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not | - | - | - | - |
| Total (i+ii+iii) | 1189.32 | 7.15 | - | 1196.47 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 105.38 | - | - | 105.38 |
| - Reduction | - | (7.15) | - | (7.15) |
| Net Change | 105.38 | (7.15) | - | 98.23 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1294.7 | - | - | 1294.7 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 1294.7 | - | - | 1294.7 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

No remuneration was paid to Managing Director during the year 2018-19.

B. Remuneration to other directors:

Amount in Rupees

| Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|----------------------|--------------------|--------------------|---------------|
| 1. Independent Directors | Mr. Dilip Machado | Mr. D. Gunasekaran | Ms. T. A Rajalaxmi | |
| Sitting fee for attending board meetings | 11,111 | 11,111 | Nil | 22,222 |
| Total (1) | 11,111 | 11,111 | NIL | 22,222 |
| 2. Other Non-Executive Directors | Mr. Pradip D Kothari | | | |
| Sitting fee for attending board meetings | Nil | | | Nil |
| Total (2) | Nil | Nil | NIL | Nil |
| Total (B) = (1+2) | 11,111 | 11,111 | NIL | 22,222 |

Kothari Industrial Corporation Limited

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

Amount in Rupees

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|--|------------------------|-----------|
| | | CEO | Company Secretary (Anil Kumar Padhiali) | CFO (V. Singaravel) | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | N.A | 4,50,000 | 6,00,366 | 10,50,366 |
| 2. | Stock Option | N.A | NIL | NIL | NIL |
| 3. | Sweat Equity | N.A | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify... | N.A | NIL | NIL | NIL |
| 5. | Others, please specify | N.A | NIL | NIL | NIL |
| 6. | Total | N.A | 4,50,000 | 6,00,366 | 10,50,366 |

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) |
|-------------------------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | Nil | Nil | Nil | Nil |
| Punishment | | Nil | Nil | Nil | Nil |
| Compounding | | Nil | Nil | Nil | Nil |
| B. Directors | | | | | |
| Penalty | | Nil | Nil | Nil | Nil |
| Punishment | | Nil | Nil | Nil | Nil |
| Compounding | | Nil | Nil | Nil | Nil |
| C. Other Officers In Default | | | | | |
| Penalty | | Nil | Nil | Nil | Nil |
| Punishment | | Nil | Nil | Nil | Nil |
| Compounding | | Nil | Nil | Nil | Nil |

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

PRADIP D KOTHARI
CHAIRMAN

Place : Chennai
Date : 10.08.2019

Annexure VII
Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: NIL
2. Details of contracts or arrangements or transactions at Arm's length basis.

| Name of the Related party and nature of relationship | Nature of contracts/ arrangements/ transaction | Duration of the contracts/ arrangements/ transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Date of approval by the Board, If any | Amount paid as advances, if any |
|---|---|--|--|--|--|
| Top Guard International security force Private Limited- Managing Director of the Company is a director and member in the Related party Company. | Rent received by Kothari Industrial corporation Limited | 2018-2019 | Rs.86,400/- | 30.05.2018 | Nil |
| Gemini Legal Consultants Private Limited-Managing Director of the Company is a director and member in the Related party Company. | Rent received by Kothari Industrial corporation Limited | 2018-2019 | Rs. 4,53,600/- | 30.05.2018 | Nil |
| Gemini Karma International Services Private Limited- Managing Directors wife is a Director in Related party Company | Rent recoverable by Kothari Industrial Corporation Limited | 2018-2019 | Rs. 39,81,360/- | 30.05.2018 | Nil |
| | Services Charge recoverable by Kothari Industrial Corporation Limited | 2018-2019 | Rs.7,38,000/- | 30.05.2018 | Nil |
| Gemini Fertilizer- Managing Director of the Company is owner of the Proprietorship. | Lease Rent received by Kothari Industrial corporation Limited | As per Lease Deed | Rs.12,00,000/- | 21.04.2017 | Nil |
| | Royalty received by Kothari Industrial corporation Limited | As per Memorandum of Agreement | Rs.5,95,011/- | 21.04.2017 | Nil |
| | Raw Material received by Kothari Industrial corporation Limited | From 30.05.2018 to the AGM to be held in the calendar yevar 2019 | Rs. 4,65,99,326/- | 30.05.2018 | Nil |

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED
PRADIP D KOTHARI
CHAIRMAN

Place : Chennai
 Date : 10.08.2019

Kothari Industrial Corporation Limited

Annexure-VIII

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense and systems and practices are commitment to values, ethical business conduct, accountability, transparency and compliance of laws and acceptance by management of the inalienable rights of shareholders as the true owners of the Company.

The objective is to meet;

- Stakeholders' aspirations and societal expectations.
- Good governance practices stem from the dynamic culture and positive mindset of the organization.
- Infusion of best expertise in the Board;
- Consistent monitoring and improvement of the human and physical resources;
- Board/ Committee meetings at regular intervals to keep the Board informed of the recent happenings.

Your Company believes that good corporate governance contemplates that corporate actions balance the interests of all stakeholders and satisfy the tests of accountability and transparency. The Company adopts a model to adhere to all the rules and regulations of the statutory authorities. Duties and statutory obligations are discharged in a fair and transparent manner with the object of maximizing the value of the shareholders and stakeholders.

2. BOARD OF DIRECTORS:

a. COMPOSITION AND CATEGORY OF BOARD OF DIRECTORS:

The Company as on the date of this report has in all 5 Directors with considerable professional experience in divergent areas connected with corporate functioning. The Board of Directors of the Company comprises of Executive, Non-Executive and Independent Directors. In all there are Five Directors, one Executive Director, one Non- executive and Three Non-executive Director cum Independent Directors. The Independent Directors on the Board are competent and highly respected professionals from their respective fields and have vast experience in Marketing, finance, Taxation, other allied fields which enable them to contribute effectively to the Company in their capacity as members of the Board. The day to day management of the Company is conducted by Managing Director subject to supervisions and control of the Board. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he/she is a Director.

Composition of the Board of Directors as on the date of this Report is mentioned below;

| Name of the Director | Designation | Category |
|---|---|---------------------------|
| Mr. Pradip D Kothari | Director/ Chairman | Non Executive Director |
| Mr. Rafiq Ahmed | Vice Chairman & Managing Director | Executive Director |
| Mr. Gunasekaran | Director | Independent Director |
| Mr. Dilip Machadoo Machadoo | Director | Independent Director |
| Ms. Thoopjlamudu Arulpathy Rajalaxmi | Director | Independent Director |

b. ATTENDANCE OF DIRECTORS AT BOARD MEETINGS PERIOD ENDED 31.03.2019 AND AT THE LAST ANNUAL GENERAL MEETING, OUTSIDE DIRECTORSHIPS AND BOARD COMMITTEE MEMBERSHIPS AND NUMBER OF SHARES HELD AS ON 31.03.2019:

Details of the attendance at the Board Meetings during the financial year and at the last Annual General Meeting and also the number of Directorships held by Directors is mentioned below;

| Name | Category | Number of Directorship in other Companies | Name of the Listed entities in which he/she is a Director | No. of Board Meetings attended during period ended 31/03/2019 | No. of Committee Membership in other Public Limited Companies | Attendance Last AGM on 26/09/2018 | No. of Shares held |
|-------------------------------------|-------------------------------------|---|---|---|---|-----------------------------------|--------------------|
| Mr. Pradip D Kothari | Non-Executive Chairman | 1 | Nil | 8 | Nil | Yes | 3266288 |
| Mr. Rafiq Ahmed | Managing Director | 8 | Nil | 7 | Nil | Yes | Nil |
| Mr. Gunasekaran | Non Executive Independent Directors | 1 | Nil | 8 | Nil | Yes | 1 |
| Mr. Dilip Machadoo Machadoo | Non Executive Independent Directors | 2 | Nil | 8 | Nil | Yes | 1 |
| Ms.Thoopjlamudu Arulpathy Rajalaxmi | Non Executive Independent Directors | 1 | Nil | 6 | Nil | Yes | Nil |

In accordance with Regulation 26 (1) (b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Membership / Chairpersonship of only the Audit Committees and Stakeholders' Relationship Committee in all Public Limited Companies has only been considered.

Notes:

- Other directorships also include Private Limited Companies.
- Ms.Thoopjlamudu Arulpathy Rajalaxmi appointed as Additional Director under the category of Independent director w.e.f 11th June, 2018 and appointed as Independent Director at the 48th Annual General Meeting held on 26.09.2018.

c. Number of meetings of the board of directors held and dates on which held:

During the FY 2018-2019, 8 meetings of the Board of Directors of the Company were held

i.e. on 30.05.2018, 11.06.2018, 18.06.2018, 14.08.2018, 14.11.2018, 01.02.2019, 13.02.2019 & 27.02.2019. The gap between two meetings did not exceed 120 days. The attendance of the members at the Board of Directors meetings was as follows:

| Name of Director | No. of Board Meetings attended |
|--------------------------------------|--------------------------------|
| Mr. Pradip D Kothari | 8 |
| Mr. Rafiq Ahmed | 7 |
| Mr. Gunasekaran | 8 |
| Mr. Dilip Machadoo Machadoo | 8 |
| *Ms.Thoopjlamudu Arulpathy Rajalaxmi | 6 |

Kothari Industrial Corporation Limited

- Ms.Thoopjlamudu Arulpathy Rajalaxmi appointed as Additional Director under the category of Independent director w.e.f 11th June, 2018 and appointed as Independent Director at the 48th Annual General Meeting held on 26.09.2018.

d. Disclosure of relationships between directors inter-se:

None of the Directors of the Company are inter-related.

e. Number of shares and convertible instruments held by non- executive directors:

| Name of the Non-executive Directors | Category | Number of shares held by non-executive directors |
|-------------------------------------|--------------------------------------|--|
| Mr. Pradip D Kothari | Non-Executive Chairman | 3266288 |
| Mr. Gunasekaran | Non-Executive Independent Directors | 1 |
| Mr. Dilip Machadoo Machadoo | Non- Executive Independent Directors | 1 |

f. Familiarization Programme for Independent Directors:

Every new Independent Director at the time of appointment is issued a detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, Code of Conduct and obligations on disclosures.

Further every new Independent Director is provided with copy of latest Annual Report, the Code of Conduct, the Code of Conduct for Internal Procedures and to Regulate, Monitor and Report Trading by Insiders ("Code of Conduct - PIT") and the Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (the "Fair Practice Code"), Tentative Schedule of upcoming Board and Committee meetings.

The Company through its Executive Directors / Key Managerial Personnel conduct programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.

Thus such programs / presentations provides an opportunity to the Independent Directors to interact with the senior leadership team of the Company and

help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

Details of familiarization programme conducted for the Independent directors are available on the Company's website www.kotharis.in.

g. Expertise and attributes of Board members:

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Infosys Board is in compliance with the highest standards of corporate governance.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

| Director | Area of Expertise | | | |
|---|-----------------------|-----------------------|------------|---------------------|
| | Strategy and Planning | Financial Performance | Leadership | Sales and Marketing |
| Mr. Pradip D Kothari | ✓ | ✓ | ✓ | ✓ |
| Mr. Rafiq Ahmed | ✓ | ✓ | ✓ | ✓ |
| Mr. Gunasekaran | ✓ | ✓ | ✓ | ✓ |
| Mr. Dilip Machado Machado | ✓ | ✓ | ✓ | ✓ |
| Ms. Thooplamudu Arulpathy Rajalaxmi | ✓ | ✓ | ✓ | ✓ |

In the Opinion of the Board, the Independent director fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the management.

C. Committee of the Board: There are three committees of the board namely: Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee.

3. Audit Committee

(a) Terms of Reference:

The powers, role and terms of reference of the Audit Committee covers the area as mentioned under Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors. The powers, role and terms of reference of the Audit Committee include inter alia oversight of Company's financial reporting process, internal financial controls, reviewing the adequacy of the internal audit function, reviewing with management the quarterly/ annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration, approval of related party transactions, evaluation of risk management systems etc.

(b) Composition, name of members and chairperson:

The Audit Committee Comprises 3 members, which includes one Non-executive Director and two Non-

Executive Independent Directors. The members of the Committee are as follows:

| | | |
|---------------------------|----------|------------------------|
| Mr. Dilip Machado Machado | Chairman | Independent director |
| Mr. Pradip D Kothari | Member | Non-Executive Director |
| Mr. Gunasekaran | Member | Independent director |

(c) Meetings and attendance during the year:

During the financial year under review, Audit Committee Meetings were held 4 times in a year viz., on 30.05.2018, 14.08.2018, 14.11.2018 & 13.02.2019 and the attendance of the members at the Audit Committee meetings was as follows:

| Members | Attendance particulars | |
|---------------------------|----------------------------------|--------------------------------------|
| | Meeting Held during their tenure | Meeting Attended during their tenure |
| Mr. Dilip Machado Machado | 4 | 4 |
| Mr. Pradip D Kothari | 4 | 4 |
| Mr. Gunasekaran | 4 | 4 |

4. Nomination and Remuneration Committee

(a) Terms of Reference:

The terms of reference of the Committee include the following namely formulation of criteria for determining

Kothari Industrial Corporation Limited

qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to remuneration of the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Directors performance, devising a policy on Board diversity, identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down, and recommend to Board their appointment and removal.

(b) Composition, name of members and chairperson:

The Committee Comprises 3 members, which includes three Non-Executive Independent Directors. The members of the Committee are as follows:

| | | |
|--------------------------------------|----------|----------------------|
| Mr. Dilip Machado Machado | Chairman | Independent director |
| Mr. Gunasekaran | Member | Independent director |
| Ms. Thoopjlamudu Arulpathy Rajalaxmi | Member | Independent director |

(c) Meetings and attendance during the year:

During the financial year under review, Nomination and Remuneration Committee Meetings was held on 11.06.2018 viz., the attendance of the members at the Nomination and Remuneration Committee meeting was as follows:

| Name of the Member | Attendance particulars | |
|---------------------------------------|----------------------------------|--------------------------------------|
| | Meeting Held during their tenure | Meeting Attended during their tenure |
| Mr. Dilip Machado Machado | 1 | 1 |
| Mr. Gunasekaran | 1 | 1 |
| • Ms.Thoopjlamudu Arulpathy Rajalaxmi | Nil | Nil |

- Ms.Thoopjlamudu Arulpathy Rajalaxmi appointed was inducted as member w.e.f 11th June, 2018.

(d) Performance evaluation criteria for independent directors:

The criteria for evaluation of the Independent Directors will be attendance, participation in deliberations, understanding the Company's business and that of the industry and in guiding the Company in decisions affecting the business and additionally based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013. A formal evaluation mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual Directors and the chairman of the Board.

5. Remuneration of Directors:

A Policy on remuneration of Directors, Key Managerial Personnel and Senior Management and other staff was put in place by Nomination and Remuneration Committee and approved by the Board of Directors. The Policy is enclosed as **Annexure – III** to the Board's Report.

No remuneration was paid to Managing Director. The Non-Executive Directors also didn't draw any remuneration in the capacity of Director from the Company except sitting fees for attending the meetings of the Board and committees.

Detail information of Directors Remuneration / Sitting fees paid during the financial year 2018-2019 as follows:

| Name of the Director | Category | Sitting fees | Total |
|-------------------------------------|---|--------------|-------|
| Mr. Pradip D Kothari | Non-Executive/ Chairman | Nil | Nil |
| Mr. Dilip Machado Machado | Independent director | 11111 | 11111 |
| Mr. Gunasekaran | Independent director | 11111 | 11111 |
| Ms.Thoopjlamudu Arulpathy Rajalaxmi | No-Executive / Non Independent director | Nil | Nil |

6. Stakeholders' Relationship Committee:

(a) Terms of Reference:

The Committee looks into redressal of grievances of the investors namely shareholders. The Committee deals with grievances pertaining to transfer of shares, non-receipt of annual report, non-receipt of dividend, dematerialisation / dematerialisation of shares, non-receipt of dividend warrants, transfer/transmission/split of shares etc. The Board of Directors have delegated the power of approving transfer/transmission of shares to a Share Transfer Committee.

(b) Composition, name of members and chairperson:

The Committee Comprises 2 members, which includes two Independent Directors. The members of the Committee are as follows:

| | | |
|---------------------------|----------|----------------------|
| Mr. Gunasekaran | Chairman | Independent director |
| Mr. Dilip Machado Machado | Member | Independent director |

During the financial year under review, Stakeholder Relationship Committee Meetings were held 4 times in a year viz. 29.06.2018, 01.10.2018, 31.12.2018 & 30.03.2019 and the attendance of the members at the Stakeholder Relationship Committee meeting was as follows:

| Name of the Member | Attendance particulars | |
|---------------------------|----------------------------------|--------------------------------------|
| | Meeting Held during their tenure | Meeting Attended during their tenure |
| Mr. Dilip Machado Machado | 4 | 4 |
| Mr. Gunasekaran | 4 | 4 |

c) Mr. Anil Kumar Padhiali is the Company secretary and compliance officer of the Company.

(d) Shareholder Complaints:

Two investor complaints were received during the period from 01-04-2018 to 31-03-2019. The complaint was redressed and no queries on the same were pending for the period under review.

7. General Body meeting:

a) Company had its last 3 Annual General Meeting as under:

| AGM for the Year | Date & Time | Venue |
|------------------|--------------------------|---|
| 2015-16 | 28.09.2017 09.30 a.m. | Company's Super Phosphate Factory at Ennore, Chennai - 600057 |
| 2016-17 | 30.12.2017 11.00 a.m | Company's Super Phosphate Factory at Ennore, Chennai - 600057 |
| 2017-18 | 26.09.2018 11.00 a.m | Company's Super Phosphate Factory at Ennore, Chennai - 600057 |

b) Details of special resolution passed during the last 3 Annual General Meeting:

| Date of AGM | Particulars of Special Resolution passed |
|-------------|--|
| 28.09.2017 | 1. Lease of Companies fertilizer factory to M/s.Gemini Fertilizers 2. To borrow a sum not exceeding Rs.100 crores (Rupees one hundred crores only) under Section 180(1)(c) of the Companies Act, 2013 |
| 30.12.2017 | No special resolution passed |
| 26.09.2018 | No special resolution passed |

c) **No special resolution was passed through postal ballot during the period under review.**

d) EGM:

One EGM held during the financial year 2018-2019

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| EGM for the Year | Date & Time | Venue | Particulars of Special Resolution passed | Particulars of Ordinary Resolution passed |
|------------------|--------------------------|---|---|---|
| 2018-2019 | 26.02.2019 10.30 a.m. | Company's Super Phosphate Factory at Ennore, Chennai - 600057 | 1) Transfer of floors situated in Kothari Buildings, Nungambakkam, Chennai belonging to the company to Bekae Properties Pvt. Ltd., (assignee of HDFC Bank Ltd) and to M/s. Gemini Iron and Steel Private Limited or its nominees consequent to compromise and sale arrangements, respectively with them. 2) Change in Object Clause of the Company to be incorporated in the Memorandum of Association of the company. | 1) Approval of Related Party Transaction under Section 188 of the Companies Act, 2013 and Regulation 23 Of SEBI (LODR) Regulations, 2015. |

8. Means of Communication:

Quarterly / half yearly results are disclosed to Stock Exchanges and also published in daily newspapers viz., News Today (all Editions in English) and Malai Sudar (Vernacular). The Quarterly / half yearly results are displayed on the Company's website at www.kotharis.in. The Company provides information to the stock exchanges as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No presentations were made to institutional investors / analysts.

Listing Fees up to the year ending 31st March, 2019 have been paid. Listing fee for the financial year 2019-2020 has not been paid.

(e) Stock Code:

Bombay Stock Exchange – 509732

(f) Market Price data:

Company has suspended from trading in the market since 2000, so Market price data such as high, low during each month in last financial year is not available.

(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc: Not available.

(h) Reasons for Suspended from Trading:

The Company has suspended from trading due to penal reason.

(i) Registrars and Transfer Agents:

M/s. Integrated Registry Management Services Pvt. Ltd.,
II Floor, "Kences Towers",
1, Ramakrishna Street, off North Usman Road,
T.Nagar, Chennai 600 017.

(j) Share Transfer System:

Share transfers are processed and share certificates duly endorsed are returned within a time period specified in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 from the date of receipt, subject to documents being valid and complete in all respects. The Board

9. General Shareholder Information:

(a) **Annual General Meeting** : 49th Annual General Meeting Date & Time: 30.09.2019 at 10.30 A.M.
Venue: Company's Super Phosphate Factory situated at Kathivakkam Village, Ennore, Chennai - 600057

(b) Financial Year:

The financial year of the Company will be from 01.04.2018 to 31.03.2019

(c) Dividend Payment Date:

The Company has not declared any interim/final dividend during the financial year.

(d) Listed on Stock Exchange at:

The equity shares (ISIN:INE972A01020) of the Company are listed on:
Bombay Stock Exchange Ltd.,
(BSE) Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the "Stakeholder's Relationship Committee". The Minutes which includes summary of transfer/transmission of securities of the Company so approved by the "Stakeholder's Relationship Committee" is placed before the Board meeting for the purpose of taking on record. The Company has obtained from a Company Secretary in Practice

half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 and filed a copy of the said certificate with Stock Exchange.

No physical transfer of share is permissible from 1st April 2019.

(k)(i) Distribution of Shareholding as on 31st March, 2019 :

| No. of Shares | No. of Shareholders | % of shareholders | Shareholding (No. of shares) | % of Shareholding |
|------------------|---------------------|-------------------|------------------------------|-------------------|
| 1 to 5000 | 51710 | 99.81 | 4731258 | 24.76 |
| 5001 TO 10000 | 23 | 0.04 | 146219 | 0.77 |
| 10001 TO 20000 | 16 | 0.03 | 237319 | 1.24 |
| 20001 TO 30000 | 13 | 0.03 | 306376 | 1.60 |
| 30001 TO 40000 | 4 | 0.01 | 141414 | 0.74 |
| 40001 TO 50000 | 8 | 0.02 | 361802 | 1.89 |
| 50001 TO 100000 | 11 | 0.02 | 812145 | 4.25 |
| 100001 AND ABOVE | 26 | 0.05 | 12374352 | 64.75 |
| Total | 51811 | 100 | 19110885 | 100 |

(ii) Shareholding Pattern as on 31st March, 2019:

| Sl. No | Category | No. of holders | No. of shares | % |
|----------|------------------------------|----------------|-----------------|---------------|
| A | Promoters | 20 | 9304075 | 48.68 |
| B | Public shareholding | | | |
| 1 | Institutions | | | |
| a) | Mutual funds | 4 | 153580 | 0.80 |
| b) | Financial Institutions/Banks | 20 | 2610470 | 13.65 |
| 2 | Non Institutions | | | |
| a) | Resident | 51156 | 6464736 | 33.82 |
| b) | Bodies Corporate | 231 | 463779 | 2.42 |
| c) | HUF | 170 | 46810 | 0.24 |
| d) | Trusts | 6 | 887 | 0.004 |
| e) | NRI | 204 | 66548 | 0.34 |
| | Total | 51811 | 19110885 | 100.00 |

(I) Dematerialization of Shares and Liquidity:

The Company's Equity Shares are in Demat trading segment and the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

Procedures for dematerialization/ re-materialization of Equity Shares:-

Shareholders seeking demat/ remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder. In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then

Kothari Industrial Corporation Limited

requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched 15 days from the date of issue of shares.

34.84% of the Company's Equity Share Capital of the Company is held in dematerialized form as on 31st March, 2019.

(m) Outstanding GDR / ADR / Warrants / any other convertible instruments:

The Company at present has not issued any GDRS, ADRS/ Warrants or any Convertible Instruments.

(n) Commodity price risk or foreign exchange risk and hedging activities:

Not Applicable

(o) Plant locations:

Not Applicable

(p) 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 Registry Management Services Pvt. 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 / companysecretary@

kotharis.in

10. Other Disclosures:

a) As required under applicable SEBI Regulations, your Company has adopted a Policy on Related party

transactions and the same have been approved by the Board of Directors and the same is available on our website www.kotharis.in.

b) Company has suspended for trading in the market since 2000. There was no penalty by stock exchange during the financial year.

c) The Company has established a vigil mechanism pursuant to the requirements of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No person has been denied access to the Chairman of the Audit Committee. The Policy on vigil mechanism is available on our website www.kotharis.in.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 to the extent applicable and will ensure to comply with non-mandatory requirements in coming years.

e) Policy For Determining Material Subsidiaries:

The Policy on Identification of Material Subsidiaries is available on our website www.kotharis.in

f) Policy On Dealing With Related Party Transactions:

The company has entered in to any contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, during the financial year under review. The Policy on Related Party Transaction is available on our website www.kotharis.in.

g) Disclosure of commodity price risks and commodity hedging activities:

Not Applicable

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

During the financial year 2018-19, Company has not raised any fund through preferential allotment or qualified institutions placement.

i) Certification from Company Secretary in Practice :

R.Srinivasan, Practicing Company Secretaries, has issued a certificate as required under the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed which forms part of this report.

j) Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

No such instance occurred

k) Statutory Auditor fee particulars:

The particulars of total fee paid for the year 2018-2019 by the Company to the Statutory Auditor is given below:

| Sl No. | Description of the Service | Fees (Amount in Rs.) |
|--------|----------------------------|----------------------|
| 1 | Statutory Audit Fee | 3,00,000/- |

l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year : Nil
- number of complaints disposed of during the financial year : Not Applicable
- number of complaints pending as on end of the financial year: Not Applicable

11. The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted

(a) Maintaining Non-Executive Chairman's Office:

The Company is maintaining Non-Executive chairman's office and also allowed reimbursement of expenses incurred in performance of his duties.

(b) Shareholder Rights: The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website www.kotharis.in and in stock exchange website

http://listing.bseindia.com. Therefore, no individual communications are sent to the shareholders in this regard.

(c) Modified Opinion in Audit Report :

The financial statement of the Company for the F.Y. 2018-2019 is with unmodified audit opinion.

(d) Separate posts of chairperson and chief executive officer:

Company appointed separate post of chairperson such as Mr. Pradip D Kothari. The Company during the FY 2018-2019 did not have any CEO. As on the date of this report Mr. Rafiq Ahmed is the Managing Director of the Company.

(e) Reporting of Internal Auditor: Internal Auditor has direct access to the Audit Committee.

12. CEO / CFO Certification: Mr. Vimalanathan Singaravel, Chief Financial Officer and Mr. Rafiq Ahmed, Managing Director of the Company have certified to the Board regarding the financial statements for period ended 31-03-2019 in accordance with Regulation 17(8) of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

13. Unclaimed Share Certificates: In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shares issued pursuant to the public issues or any other issue which remain unclaimed shall be credited to a demat suspense account with one of the depository participants opened by the Company for this purpose. Till date there is no such shares lying with company.

By Order of the Board of Directors
For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

PRADIP D KOTHARI
CHAIRMAN

Kothari Industrial Corporation Limited

DECLARATION UNDER REGULATION 26(3) READ WITH SCHEDULE V PART D OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I, Rafiq Ahmed (DIN: 02861341), Managing Director of the Company declare that the all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the FY ended 31st March 2019.

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

RAFIQ AHMED
MANAGING DIRECTOR
DIN : 02861341

COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) READ WITH PART B OF SCHEDULE III OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Board of Directors,
KOTHARI INDUSTRIAL CORPORATION LIMITED

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting

and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting. Further we have not come across any reportable deficiencies in the design or operation of such internal controls.

D. We have indicated to the auditors and the Audit committee

1. That there are no significant changes in internal control over financial reporting during the year;
2. That there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. That there are no instances of significant fraud with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place : Chennai
Date : 10.08.2019

V. SINGARAVEL
CHIEF FINANCIAL OFFICER

RAFIQ AHMED
MANAGING DIRECTOR
DIN : 02861341

Corporate governance certificate

To
The shareholders of Kothari Industrial Corporation Limited
Chennai

We have examined the compliance of conditions of Corporate Governance by Kothari Industrial Corporation Limited, Chennai 600034 (the Company) for the year ended 31st March 2019 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations).

Compliance of the conditions of Corporate Governance is the responsibility of the Company's 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 explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (LODR), Regulations.

We further 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.

Place : Chennai

Date : 10.08.2019

R. SRINIVASAN

PRACTICING COMPANY SECRETARY

C.P. No.7779

Kothari Industrial Corporation Limited

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS **[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the** **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To
The Members of
Kothari Industrial Corporation Limited
Kothari Buildings, Nungambakkam High Road,
Chennai-600034

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kothari Industrial Corporation Limited having CIN L24110TN1970PLC005865 and having registered office at Kothari Buildings, Nungambakkam High Road, Chennai-600034 (herein after referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C

Subclause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority.

| SL.No | Name of Director | DIN | Date of appointment in Company |
|-------|----------------------------------|----------|--------------------------------|
| 1 | Pradip Dayanand Kothari | 01315682 | 28/04/1972 |
| 2 | Jinnah Moideen Ahmed Rafiq | 02861341 | 21/04/2017 |
| 3 | Dilip Machado Machado | 06895289 | 31/03/2015 |
| 4 | Gunasekaran | 07326495 | 30/10/2015 |
| 5 | Thoopjlamudu Arulpathy Rajalaxmi | 08148628 | 11/06/2018 |

Ensuring the eligibility of and for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the

efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai

Date : 13.06.2019

R. SRINIVASAN
PRACTICING COMPANY SECRETARY
C.P. No.7779

Independent Auditor's Report

To the Members of

KOTHARI INDUSTRIAL CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KOTHARI INDUSTRIAL CORPORATION LIMITED ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act 2013 (The Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

Material Uncertainty Related to Going Concern

The company has generated negative cash flows and incurred substantial operating losses during the current year and earlier years. Its current liabilities far exceeds its current assets. In order to continue the company is apparently dependent on the infusion of sufficient funds and restructuring of operations. There is, thus, in our opinion, existence of material risk as to the company's ability to continue as going concern. Based on the funds infused, business plans and the diversification programmes of the management, the company is reasonably assured to carry on the operations as a going concern. On this basis the company has prepared the financial statements on going concern basis.

Our conclusion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any matters to be the key audit matters to be communicated in our report.

Continued...

Kothari Industrial Corporation Limited

| Key Audit Matter | Auditor's Response |
|--|--|
| <p><u>Revenue recognition under Ind AS 115</u></p> <p>The sales of various products traded by the company are generally on credit terms. The credit terms varies according to the nature of products namely, Straight Fertilizers, NPK Mixtures, Agro Products, Micro Bio Products, Water Soluble Fertilizers etc. and relationship with the customers.</p> <p>Most of the customers are long standing relationship with the company and are being serviced by Field Officers. The credit period varies according to the products mentioned above and also the credit worthiness of the customers. The credit period generally ranges from 30 to 120 days which is normal trade practice.</p> <p>There is however no standard policy.</p> | <p><u>Our procedures included:</u></p> <p>It is noticed during the audit that the company has effective control through field officers to monitor the quantum of sales including types of products and value of goods sold on credit. The field officers are in constant touch with the customers and monitor recovery of dues and supply by goods on credit is conditioned by overdues from the customers. There is no procedure of charging overdue interest on overdue accounts, but this is taken into account would affect the credit rating of the customers. The above procedure has been broadly reviewed to our satisfaction.</p> <p>The company has recently evolved effective online control system ensuring better supervision at the field level, regional office etc.</p> |

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Without qualifying our report we draw attention to the following:

1. No provision has been created in the accounts against loss that may arise due to the claim raised by the Government against the Coonoor property. (Refer Note No. 5).
2. Arbitration Award against the Company regarding additional electricity dues of erstwhile Caustic Soda plant which is challenged by the Company before Madras High Court and pending Adjudication. (Refer Note No.6).

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 including other comprehensive income, cash flows and changes in equity of the company in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

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 RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures

that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

Kothari Industrial Corporation Limited

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order:
 - 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 "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year.
 - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Chennai
Dated : 30.5.2019

For **M/s. Arockiasamy & Raj**
Chartered Accountants
Firm Reg.No.006850S

(A. Nagarajan)
Partner

Membership No. 020680

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Kothari Industrial Corporation Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of KOTHARI INDUSTRIAL CORPORATION LIMITED (“the Company”) as of March 31, 2019 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

2. 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 on 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 respective 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.

AUDITOR’S RESPONSIBILITY

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of

the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. 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

Kothari Industrial Corporation Limited

reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and 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

7. 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

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai
Dated : 30.5.2019

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

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) 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, 2019:

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 been physically verified by the management in a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its business.
 - c. The title deeds of immovable properties are held in the name of the company
2. The management has 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. According to the information and explanations given to us, 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, Goods and 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, Goods and Service Tax, Duty of Customs, and any other statutory dues with the appropriate authorities.
 - (b) According to the information and explanations given to us, the extent of arrears of undisputed amount outstanding as on 31st March 2019 for a period of more than six months from the date they became payable, as certified by the Management is as under

Rs. in lakhs

| | |
|-------------------|-----------|
| Income Tax (TDS)* | 56,66,882 |
| Professional Tax | 17,51,172 |

*Since remitted Rs 1,09,724/-

- (c) According to the information and explanations given to us, There are no disputed dues of Income Tax, Customs Duty, Cess and other material statutory dues except the following.

| Name of the statute | Nature of dues | Amount (in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|----------------|------------------|------------------------------------|--|
| 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 |
| Karnataka Turnover tax on NPK Mixture | KST | 3.87 | 1996-97 | STAT – Stay |
| Kerala Disputed rate of tax | KGST | 0.05 | 2001-02 | STAT – Stay |
| | Total | 876.89 | | |
| Remanded back to Assessing authorities: Branch transfer of fertilisers, 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 |

Kothari Industrial Corporation Limited

8. On the basis of verification of records and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to Financial Institutions, and subsequently settled the matter thru Court, NCLT proceedings and assignments., The company has not raised any monies against issue of 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. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid any managerial remuneration during the year.
12. 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.
13. 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.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, the provisions of clause (xiv) of para 3 of the Order are not applicable to the company.
15. 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.
16. 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.

Chennai
Dated : 30.5.2019

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 2019

Rupees in Lacs

| Particulars | Note No | As at 31st March 2019 | As at 31st March 2018 |
|--|---------|--------------------------|--------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 15(a) | 5,891.25 | 5,909.61 |
| (b) Capital Work in Progress | | - | - |
| (c) Intangible assets | (b) | 1.09 | 1.81 |
| (d) Intangible assets under development | | - | - |
| (e) Deferred tax asset (Net) | | 778.03 | 778.03 |
| (f) Financial Assets | | | |
| (i) Investments | 16 | 9.99 | - |
| (ii) loans and advances | 17 | 374.76 | 313.35 |
| (iii) Other non-current assets | | - | - |
| Non-Current Assets | | 7,055.12 | 7,002.80 |
| CURRENT ASSETS | | | |
| (a) Inventories | 18 | 160.63 | 256.21 |
| (b) Financial Assets | | | |
| (i) Investments | | | |
| (ii) Trade receivables | 19 | 499.94 | 496.21 |
| (iii) Cash and cash equivalents | 20 | 32.99 | 61.03 |
| (iv) Other Financial assets | 21 | 406.12 | 273.09 |
| (c) Other Current Assets | | | |
| Current Assets | | 1,099.68 | 1,086.53 |
| TOTAL ASSETS | | 8,154.80 | 8,089.33 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity Share Capital | 22 | 955.54 | 955.54 |
| (b) Other Equity | 23 | 354.16 | 238.28 |
| Equity | | 1,309.70 | 1,193.82 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 24 | 1,294.70 | 1,189.32 |
| (ii) Other Financial liabilities | | | |
| (b) Provisions | 25 | 21.30 | 25.11 |
| (c) Deferred tax Liabilities (Net) | | - | - |
| (d) Other non-current liabilities | 26 | - | 420.82 |
| Non Current Liabilities | | 1,316.00 | 1,635.25 |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 27 | - | 7.15 |
| (ii) Trade payables | 28 | | |
| Total outstanding dues of micro enterprises and small enterprises | | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| iii) Other Financial liabilities | 29 | 1,138.82 | 1,285.25 |
| (b) Other Current liabilities | | 4,307.82 | 3,847.98 |
| (c) Provisions | 30 | 82.46 | 119.88 |
| (d) Current Tax Liability (Net) | | | |
| Current Liabilities | | 5,529.10 | 5,260.26 |
| TOTAL EQUITY AND LIABILITIES | | 8,154.80 | 8,089.33 |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | | |
| CONTINGENT LIABILITIES | 31 | | |

The accompanying notes are an integral part of the standalone Ind AS financial statements

As per our Report of even date
For Arockiasamy & Raj
Chartered Accountants
Regn.No.006850S
A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

On behalf of the Board of Directors

Pradip D Kothari
Chairman
Anil Kumar Padhiali
Company Secretary

J. Rafiq Ahmed
Vice Chairman &
Managing Director
V. Singaravel
Chief Financial Officer

Kothari Industrial Corporation Limited

Statement of Profit and Loss for the year ended 31st March, 2019

| Particulars | Note No | Rupees in Lacs | |
|--|---------|---------------------------------------|---------------------------------------|
| | | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Revenue from operations | 32 | 1,834.26 | 1,650.26 |
| Other Income | 33 | 92.67 | 195.49 |
| | | <u>1,926.93</u> | <u>1,845.75</u> |
| Expenses: | | | |
| Cost of materials consumed | 34 | - | 19.54 |
| Purchase of Stock-in-Trade | | 1,215.29 | 1,254.86 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 35 | 90.27 | (55.35) |
| Excise Duty | | - | 0.07 |
| Employee benefits | 36 | 175.54 | 171.26 |
| Financial costs | 37 | 0.56 | 6.54 |
| Depreciation and amortization expense | 15(c) | 47.18 | 48.20 |
| Other expenses | 38 | 618.49 | 543.26 |
| | | <u>2,147.33</u> | <u>1,988.37</u> |
| Profit / (Loss) before exceptional and extraordinary items and tax | | (220.40) | (142.60) |
| Exceptional Items | 39 | (281.51) | 110.86 |
| Profit / (Loss) before tax | | 61.11 | (253.46) |
| Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| Profit for the year from continuing operations | | 61.11 | (253.46) |
| Profit/(Loss) from discontinuing operations | | | |
| Tax expense of discounting operations | | | |
| Profit/(Loss) from Discontinuing operations | | - | |
| Profit/(Loss) for the year | | 61.11 | (253.46) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Re-measurement of gains and (losses) on defined benefit obligation | | 54.76 | 0.83 |
| Total Comprehensive Income for the year | | 115.87 | (252.63) |
| Earning per equity share: | | | |
| (1) Basic | | 0.32 | (1.32) |
| (2) Diluted | | 0.32 | (1.32) |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2

The accompanying notes are an integral part of the standalone Ind AS financial statements

As per our Report of even date

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

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

On behalf of the Board of Directors

Pradip D Kothari
Chairman

Anil Kumar Padhiali
Company Secretary

J. Rafiq Ahmed
Vice Chairman &
Managing Director

V. Singaravel
Chief Financial Officer

A) EQUITY SHARE CAPITAL

| Equity shares of Rs. 5 each issued, subscribed and fully paid (Refer Note No. 25 a) | 31st March 2019 | | 31st March 2018 | |
|---|--------------------|---------------|--------------------|---------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity Shares | | | | |
| Balance as at the beginning of the year | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |
| Add : Shares issued during the year | - | - | - | - |
| Balance as at the end of the year | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |

B) OTHER EQUITY (Refer Note 23 b)

| | Reserves and Surplus | | | | | Total |
|---|----------------------|-----------------------------|---------------------|-------------------|---|------------|
| | Capital Reserves | Capital Redemption Reserves | Revaluation Reserve | Retained Earnings | Other Reserves FVOCI equity Instruments | |
| Balance as at April 1, 2017 | 65.85 | 18.00 | 2,329.69 | (5,084.58) | - | (2,671.04) |
| Profit / (Loss) for the year | - | - | - | (252.63) | - | (252.63) |
| Transfer to Revaluation Reserve | | | 2,401.08 | - | - | 2,401.08 |
| Transfer of Depreciation charged in the previous years to Retained Earnings | | | - | 760.87 | - | 760.87 |
| Balance as at 31st March 2018 | 65.85 | 18.00 | 4,730.77 | (4,576.34) | - | 238.28 |
| Balance as at April 1, 2018 | 65.85 | 18.00 | 4,730.77 | (4,576.34) | - | 238.28 |
| Profit / (Loss) for the year | - | - | - | 115.87 | - | 115.87 |
| Balance as at March 31, 2019 | 65.85 | 18.00 | 4,730.77 | (4,460.47) | - | 354.16 |

The accompanying notes are an integral part of the standalone Ind AS financial statements

As per our Report of even date

For Arockiasamy & Raj
Chartered Accountants
Regn.No.0068508

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

On behalf of the Board of Directors

Pradip D Kothari
Chairman

J. Rafiq Ahmed
Vice Chairman &
Managing Director

V. Singaravel
Chief Financial Officer

Anil Kumar Padhiali
Company Secretary

| | 31st March 2019 Rs Lakhs | 31st March 2018 Rs Lakhs |
|--|-----------------------------|-----------------------------|
| CASH FLOW STATEMENT | | |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT/(LOSS) BEFORE TAX | 61.11 | (253.46) |
| ADD: | | |
| NET DEPRECIATION FOR THE YEAR | 47.18 | 48.20 |
| | <u>108.29</u> | <u>(205.26)</u> |
| LESS | | |
| MISCELLANEOUS INCOME | 7.70 | - |
| LOSS ON DISPOSAL OF ASSETS | (0.56) | (6.54) |
| INTEREST | - | 0.55 |
| INTEREST RECEIPTS | (65.18) | (5.20) |
| PROVISION FOR DEBTS | | |
| PROVISION FOR INVESTMENT | | |
| | <u>(58.04)</u> | <u>(11.19)</u> |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES | <u>166.33</u> | <u>(194.07)</u> |
| MOVEMENT IN WORKING CAPITAL : | | |
| (INCREASE)/DECREASE IN INVENTORIES | 95.59 | (143.24) |
| (INCREASE)/DECREASE IN TRADE RECEIVABLES | (68.91) | (260.49) |
| (INCREASE)/DECREASE IN FINANCIAL ASSETS | (132.48) | 102.77 |
| INCREASE/(DECREASE) IN PROVISIONS | 13.54 | (12.06) |
| INCREASE/(DECREASE) IN BORROWINGS | - | (847.99) |
| INCREASE/(DECREASE) IN TRADE PAYABLES | (146.43) | 841.72 |
| INCREASE/(DECREASE) IN OTHER FINANCIAL LIABILITIES | 144.40 | 69.59 |
| | <u>(94.29)</u> | <u>(249.70)</u> |
| CASH FLOW | <u>72.04</u> | <u>(443.77)</u> |
| NET CASH FLOW FROM OPERATING ACTIVITIES(A) | 72.04 | (443.77) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| INTEREST RECEIPTS | - | 0.55 |
| PROFIT ON SALE OF ASSETS | - | - |
| NETT INCREASE IN FIXED ASSETS | (28.09) | (18.44) |
| OTHER NON CURRENT ASSETS | - | 0.50 |
| NETT INCREASE IN INVESTMENTS | (9.99) | - |
| | <u>(38.08)</u> | <u>(17.39)</u> |
| NET CASH FLOW FROM INVESTING ACTIVITIES(B) | (38.08) | (17.39) |

B) CASH FLOW FROM FINANCING ACTIVITIES

| | | | |
|--|---------|----------------|----------------|
| REPAYMENT OF NON CURRENT LIABILITIES | - | (503.91) | |
| REPAYMENT OF LONG TERM BORROWINGS | (0.00) | 904.10 | |
| ADVANCES | (61.43) | 7.33 | |
| SHARE CAPITAL | | | |
| INTEREST PAID | (0.56) | (6.55) | 400.97 |
| NET CASH FLOW FROM FINANCING | | (62.00) | |
| ACTIVITIES (C) | | | |
| NET INCREASE IN CASH AND | | (28.04) | (60.19) |
| CASH EQUIVALENTS (A+B+C) | | | |
| CASH AND CASH EQUIVALENT | | 61.03 | 121.22 |
| OPENING BALANCE | | | |
| RESTATEMENT OF FOREIGN CURRENCY CASH | | - | - |
| AND CASH EQUIVALENTS | | | |
| CASH AND CASH EQUIVALENT | | 32.99 | 61.03 |
| CLOSING BALANCE | | | |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | | |
| CASH ON HAND | 2.24 | | 14.16 |
| BALANCES ON CURRENT ACCOUNTS | 30.75 | | 46.87 |
| CHEQUES ON HAND | | | - |
| TOTAL CASH AND CASH EQUIVALENTS | | 32.99 | 61.03 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2

Note:- The above cash flow statement has been prepared under "Indirect method" Set out in the Ind AS 7 - Cash flow statement

As per our Report of even date

For Arockiasamy & Raj
Chartered Accountants
Regn.No.0068505

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

For and on behalf of the Board

Pradip D Kothari
Chairman

J. Rafiq Ahmed
Vice Chairman &
Managing Director

Anil Kumar Padhiali
Company Secretary

V. Singaravel
Chief Financial Officer

Kothari Industrial Corporation Limited

NOTES ON ACCOUNTS

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS

1. Corporate Information

Kothari Industrial Corporation Limited (“KICL” or “the Company”) is a public limited company was incorporated under the provisions of the Indian Companies Act in July 1, 1970 and is a listed company. 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.

The financial statement has been presented on principles applicable to a going concern despite accumulated losses and consequent erosion in net worth, on the fact that significant amount of moneys being made available from time to time by associate companies of the Managing Director for working funds and settlement of old creditors and would continue to do so. Further, the business plan envisaged by management provides for large scale expansion with injection of finance.

2 SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation of standalone Ind AS Financial statements

(a) Statement of Compliance

These financial statements have been prepared in accordance with the generally accepted accounting principles in India and have complied in all material respects with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable and also complied with other relevant provisions of the Act and Interpretations issued by the Ind AS Transition Facilitation Group (ITFG) applicable to Companies reporting under Ind As and additional disclosures required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) Basis of measurement

These financial statements have been prepared under historical cost convention except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value

(c) Current versus non-current classification

The assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 Use of estimates and judgement

The preparation of financial statement in conformity with the generally accepted accounting principles requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, reported amounts of revenue and expenses

for the year and disclosure of contingent liabilities as of the date of balance sheet. The judgement, estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date financial statements. Actual amounts could differ from these estimates.

2.3 Significant estimates and judgements

The areas involving significant estimates and judgements:

Defined Employee benefit Obligation - (Refer Note 40)

2.4 Property, Plant and Equipment

(a) Freehold land is carried at cost. All other items of property, plant and equipment including intangibles are carried at cost less accumulated depreciation/amortisation losses, if any.

Subsequent expenditure relating to an asset is included in its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

2.5 Depreciation

Depreciation on tangible assets is provided on Written Down value method based on all assets at the appropriate rates in accordance with Schedule II to the Companies Act, 2013. Cost of Intangible amortised over a period of ten years on written down value basis. Investment property is depreciated using the straight line method over its estimated useful life in line with rates specified in Schedule II to the Companies Act 2013.

2.6 Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of assets up to the date such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

2.7 Impairment

The carrying values of assets/cash generating units at each Balance sheet date are annually reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of Profit and Loss.

2.8 Foreign Currency translation

i) Functional and presentation currency

The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

ii) Transaction and balances

Initial Recognition

Foreign currency transactions are recorded in functional currency using the exchange rate prevailing on the date of transaction

Subsequent recognition

As at the reporting date, monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising out of actual payment/realisation and from the year end restatement are recognised in the statement of Profit and Loss.

Forward Contracts

Foreign exchange forward contracts outstanding at the year-end on account of firms commitment / highly probable forecast transactions are marked to market and the gains / losses, if any, are recognised in the Statement of Profit and Loss. The Company does not enter into any speculative transactions in derivatives.

2.9 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 basis.

2.10 Cash and Cash equivalents

Cash and Cash equivalents consists of all cash balances including demand deposits with banks with original maturities of three months or less.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

2.12 Investments and other financial assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For Investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those asset changes.

ii) Measurement

Initial recognition:

The Company measures a financial asset (in the case of a financial asset not carried at a fair value through profit or loss) at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets are carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

a. Equity Instruments

The Company subsequently measures all investments in equity (except that in the associate) at fair value and has elected to present fair value gains and losses on equity investments in other comprehensive income with no subsequent reclassification fair value gains and losses to profit or loss.

Investment in associates are measured at cost less provision for impairment.

b. Debt Instruments:

Company's investment in mutual funds (debt funds) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss in the period in which it arises.

iii) Impairment of financial asset:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. Impairment is considered when there is significant increase in credit risk.

iv) De-recognition of financial assets

A financial asset is de-recognised only when:

- a) The Company's contractual right to the cash flow expires or
- b) The Company has transferred the rights to receive cash flows from the financial asset.

2.13 Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when the Company satisfies performance obligation by transferring promised goods to customers. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue from Fertilizer sales is recognised when the significant risks and rewards of ownership in the goods are transferred to customers and recovery of the consideration is probable.

Sale of Products

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable. Revenue is net of returns and allowances, trade discounts and volume rebates and Goods and Services Tax.

Sale of services

Royalty income is recognised, on an accrual basis, at agreed rate on production of branded products by the licensee, in accordance with the terms of agreement.

2.14 Lease Rental Income

As a lessor

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis.

2.15 Government Subsidy

Government Subsidy are recognised at fair value where there is a reasonable assurance that the subsidy will be received and all attached conditions will be complied with.

Kothari Industrial Corporation Limited

Government Subsidy relating to income are recognised in the statement of profit and loss over the periods in which the related costs, for which the grants are intended to compensate are recognised as expenses.

2.16 Employee benefits / Obligations

(i) Short term obligations

Liabilities for wages and salaries including non monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered their related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

ii) Post employment obligations

The Company has the following post employment obligations / plans:

- a) Defined benefit plans such as gratuity for its eligible employees; and
- b) Defined contribution plan such as provident fund

a) Gratuity:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset.

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumption are recognised in the period in which they occur, directly in other comprehensive income (net of tax).

(b) Provident Fund:

This is a defined contribution plan, and contributions made to the Fund as per the rules of the Company are charged to profit and loss as and when due. The Company has no further obligations for future provident fund benefits other than monthly contributions.

2.17 Taxes on Income

Taxes on Income comprise current tax and deferred tax

The current tax expense for the period is the tax payable on the current period's taxable income computed at the applicable income tax rate and is recognised in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the

reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Provisions and contingencies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.19 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all potential equity shares.

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief Operating Decision Maker ("CODM")

2.21 Dividend to Shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board meeting. Dividend distributed (including interim dividend) is recognised in the Statement of changes in Equity.

2.22 Recent Accounting pronouncements to be effective from 1st April 2019

Ind AS 116 Leases:

The Ministry of Corporate Affairs has notified the Ind AS 116. Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the requirements of Ind AS 116 on the financial statements. The Company believes that the definition of lease under Ind AS 116 would not significantly change the scope of contracts that meet the definition of a lease.

Amendment to Ind AS 12 'Income Taxes':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendments will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Amendment to Ind AS 19 'Employee Benefits':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Rs. in lakhs
Note 17 (b)
Note 15 (a) Property, plant and equipment

| Description of Assets | Freehold/Lease hold Land | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Intangible Assets | Total |
|--|--------------------------|-------------------|-------------------|----------------------|---------------|-----------------|-------------------|-----------------|
| I. Gross Carrying value | | | | | | | | |
| Deemed cost as at April 31, 2017 | 8.56 | 3,035.59 | 62.74 | 0.47 | (3.50) | 3,103.86 | 5.04 | 3,108.90 |
| Additions | 5,669.82 | - | 18.44 | - | - | 5,688.26 | - | 5,688.26 |
| Disposals | - | 5,600.00 | - | - | - | 5,600.00 | - | 5,600.00 |
| 1. Gross Carrying value | | | | | | | | |
| Balance as at March 31, 2018 (Deemed Cost) | 5,678.38 | (2,564.41) | 81.18 | 0.47 | (3.50) | 3,192.12 | 5.04 | 3,197.16 |
| Additions* | - | 24.98 | 3.12 | - | - | 28.09 | - | 28.09 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2019 (Deemed Cost) | 5,678.38 | (2,539.43) | 84.30 | 0.47 | (3.50) | 3,220.21 | 5.04 | 3,225.25 |
| II. Accumulated depreciation / Amortisation | | | | | | | | |
| Balance as at April 01, 2017 | - | 394.63 | 10.93 | 0.15 | (6.22) | 397.49 | 2.02 | 399.51 |
| Charge for the year | - | 20.79 | 23.61 | 0.10 | 2.50 | 46.99 | 1.21 | 48.20 |
| Disposals | - | 3,161.97 | - | - | - | 3,161.97 | - | 3,161.97 |
| Balance as at March 31, 2018 | - | (2,746.55) | 34.54 | 0.24 | (5.72) | (2,717.49) | 3.23 | (2,714.26) |
| Charge for the period (Note-15(c)) | - | 26.93 | 18.05 | 0.08 | 1.39 | 46.45 | 0.73 | 47.18 |
| Disposals** | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2019 | - | (2,719.62) | 52.58 | 0.32 | (4.33) | (2,671.04) | 3.95 | (2,667.09) |
| Net Carrying Value | | | | | | | | |
| Balance as on March 31, 2019 | 5,678.38 | 180.19 | 31.72 | 0.15 | 0.83 | 5,891.25 | 1.09 | 5,892.34 |
| Balance as on March 31, 2018 | 5,678.38 | 182.14 | 46.64 | 0.23 | 2.22 | 5,909.61 | 1.81 | 5,911.42 |

With the introduction of IndAS which is effective for the company from 1st April 2016 and a re-allocation of the values of Kothari land and building has been made based on comprehensive valuation report by an approved valuer in 2012. The rates adopted by the valuer is as per guideline value of land by corporation which has not since changed. The value of the building as given by the valuer as on 2012 has been adopted on depreciated rates prescribed under the Companies Act and the "deemed cost" has been arrived on this basis. The aggregate carrying value of land and building is retained at Rs.6005 Lakhs. Accordingly, the company share of undivided land is arrived at Rs.5600 Lakhs and the building at Rs.405 Lakhs (is under charge in favour of lenders). These values are reflected as carrying value of the assets and the written down value is taken as "deemed cost". There is no change in the carrying value of the other fixed assets.

Kothari Industrial Corporation Limited

Rs. in lakhs

| 16. | | 31st March 2019 | 31st March 2018 |
|-----|--|-----------------|-----------------|
| | Investments | | |
| | Non-Current Investments | | |
| | Unquoted | | |
| | Investments in Equity instruments | | |
| | 99994 shares of Kothari Marine International Limited @ Rs. 10 each | 9.99 | |
| | - 52000 shares of Katiken Logistics Ltd @ Rs.10 each | 5.20 | 5.20 |
| | Less: Investment provision | (5.20) | (5.20) |
| | Total | 9.99 | - |

The Company is defunct and in verge of liquidation

| 17. | | 31st March 2019 | 31st March 2018 |
|-----|---|-----------------|-----------------|
| | Loans and Advances | | |
| | Non Current Assets | | |
| | Secured considered good | | |
| | Capital Advances | | |
| | Security Deposits | 269.84 | 208.22 |
| | Sub Total | 269.84 | 208.22 |
| | Unsecured considered good/Doubtful | | |
| | - Rental Deposit | 16.58 | 16.79 |
| | Sub Total | 16.58 | 16.79 |
| | Advances recoverable in cash or in kind | - | - |
| | Other loans & advances | - | - |
| | - Balances with Govt. Authorities | 88.34 | 88.34 |
| | Sub Total | 88.34 | 88.34 |
| | Total | 374.76 | 313.35 |

Current Assets

| 18. | | 31st March 2019 | 31st March 2018 |
|-----|----------------------|-----------------|-----------------|
| | Inventories | | |
| | Work in progress | | |
| | Finished goods | 80.57 | 170.84 |
| | Stock in trade(Land) | 51.93 | 51.93 |
| | Others | | |
| | - Packing Materials | 28.13 | 33.44 |
| | Total | 160.63 | 256.21 |

Details of Finished Goods Inventory

Rs. in lakhs

| 18.1 | | 31st March 2019 | 31st March 2018 |
|------|-------------------------------|-----------------|-----------------|
| | (i) Goods Manufactured | 1.89 | 2.54 |
| | - NPK Mixtures | | |
| | (iii) Details of Traded goods | | |
| | - Agro Products | 5.42 | 13.74 |
| | - Micro & Bio Products | 11.83 | 25.26 |
| | - ST. Fertilisers | 8.73 | 19.02 |
| | - NPK Mixtures | 9.84 | 3.79 |
| | - Pesticides | 11.88 | - |
| | - W.S.Fertilisers | 30.98 | 106.49 |
| | Total | 80.57 | 170.84 |

| 19 | | 31st March 2019 | 31st March 2018 |
|----|-------------------------------|-----------------|-----------------|
| | Trade receivables | | |
| | Secured Considered good | 199.50 | 198.11 |
| | Unsecured, considered good | 300.62 | 298.10 |
| | Unsecured considered doubtful | 65.00 | |
| | -Others | - | - |
| | Less : Provisions | (65.18) | |
| | Total | 499.94 | 496.21 |

| 20 | | 31st March 2019 | 31st March 2018 |
|----|----------------------------------|-----------------|-----------------|
| | Cash and cash equivalents | | |
| | (as per Cash Flow Statement) | | |
| | Balances with banks | | |
| | - In current account | 30.75 | 46.87 |
| | - Cheques on hand | - | - |
| | Cash in hand | 2.24 | 14.16 |
| | Total | 32.99 | 61.03 |

| 21 | | 31st March 2019 | 31st March 2018 |
|----|--|-----------------|-----------------|
| | Other Financial assets | | |
| | Loans and advances unsecured and considered good | 221.51 | 116.59 |
| | -Advance Income tax | 184.61 | 156.50 |
| | Total | 406.12 | 273.09 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| Note No. | Particulars | 31st March 2019 | | 31st March 2018 | |
|--------------|--|--------------------|---------------|--------------------|---------------|
| 22(a) | Share Capital | | | | |
| | Authorised Share capital Equity Shares of Rs.5 each | 5,00,00,000 | 2,500.00 | 5,00,00,000 | 2,500.00 |
| | Issued Share Capital Equity Shares of Rs.5 each | 2,25,26,052 | 1,126.30 | 2,25,26,052 | 1,126.30 |
| | Subscribed Share Capital Equity Shares of Rs.5 each | 2,22,46,052 | 1,112.30 | 2,22,46,052 | 1,112.30 |
| | Fully Paid up Share Capital Equity Shares of Rs.5 each | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |
| | Equity shares issued during the year Equity Shares of Rs.5 each | - | - | - | - |
| | Total | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

| Note No. | Particulars | 31st March 2019 | | 31st March 2018 | |
|------------|------------------------------------|--------------------|---------------|--------------------|---------------|
| (a) | Equity Shares | | | | |
| | At the beginning of the year | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |
| | issued during the year | - | - | - | - |
| | outstanding at the end of the year | 1,91,10,885 | 955.54 | 1,91,10,885 | 955.54 |

(b) Rights, Preferences and restrictions attached to equity shares

Each shareholder is entitled to one vote per share and dividend when declared. Other rights are governed by the Articles of Association of the Company and the Companies Act 2013.

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

| | 31st March 2019 | | 31st March 2018 | |
|-------------------------------------|-----------------|------------------|-----------------|------------------|
| | Percentage | No. of Shares | Percentage | No. of Shares |
| Equity Shares | | | | |
| Mr. Pradip D Kothari | 17.09% | 32,66,288 | 17.09% | 32,66,288 |
| Life Insurance corporation of India | 7.70% | 14,71,629 | 7.70% | 14,71,629 |
| Mr. A. Sahabudeen | 5.91% | 11,29,793 | 5.91% | 11,29,793 |
| Total | | 58,67,710 | | 58,67,710 |

22.1 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 share of Rs 5/-each aggregating to Rs 331.35 laksh to promoters and associates on 31st March 2016.

The face value of equity shares was reduced from Rs. 10/- per share to Rs. 5/- per share pursuant to the order dated 31st August, 2010 from the Madras High Court with effect from that date.

Rs. in lakhs

| 23 | | 31st March 2019 | 31st March 2018 |
|------|---|------------------------|------------------------|
| | Reserves and Surplus | | |
| | Capital Reserves | 65.85 | 65.85 |
| | Capital Redemption Reserves | 18.00 | 18.00 |
| | Retained Earnings | | |
| | Debenture Redemption Reserves | - | - |
| | Revaluation Reserves | 4,730.77 | 4,730.77 |
| | Deficit | (4,460.46) | (4,576.34) |
| | Total | 354.16 | 238.28 |
| 23.1 | | 31st March 2019 | 31st March 2018 |
| | 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 |
| 23.2 | | 31st March 2019 | 31st March 2018 |
| | 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 |
| 23.3 | | 31st March 2019 | 31st March 2018 |
| | Revaluation Reserves | | |
| | Balance at the beginning of the year | 4,730.77 | 2,329.69 |
| | Add: Transition adjustments | - | 2,401.08 |
| | Less : Appropriations | | |
| | Balance as at the end of the year | 4,730.77 | 4,730.77 |
| 23.4 | | 31st March 2019 | 31st March 2018 |
| | Deficit: | | |
| | Balance at the beginning of the year | (4,576.33) | (5,084.58) |
| | ADD : transfer from revaluation reserve | - | - |
| | Profit/(Loss) for the year | 115.87 | (252.63) |
| | Less : Depreciation of prior year 2016 & 17 | - | 760.87 |
| | Deficit as at the end of the year | (4,460.46) | (4,576.34) |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 24. | | 31st March 2019 | 31st March 2018 |
|-----|-------------------------------|-----------------|-----------------|
| | Non Current Borrowings | | |
| | Secured | | |
| | Term Loans | | |
| | - From Banks | - | 344.62 |
| | - From Others | 1,294.70 | 844.70 |
| | Total | 1,294.70 | 1,189.32 |

Secured by a charge on Company's share of 4 floors in Kothari Buildings alongwith the undivided share of land.

| 25. | | 31st March 2019 | 31st March 2018 |
|-----|-------------------------------|-----------------|-----------------|
| | Provisions | | |
| | Non Current - Due to Gratuity | 21.30 | 25.11 |
| | Total | 21.30 | 25.11 |

| 26. | | 31st March 2019 | 31st March 2018 |
|-----|--------------------------------------|-----------------|-----------------|
| | Other Non current liabilities | | |
| | Super Annuation Fund | - | - |
| | Others | - | 420.82 |
| | Total | - | 420.82 |

| 27. | | 31st March 2019 | 31st March 2018 |
|-----|-------------------------------|-----------------|-----------------|
| | Bank /other Borrowings | | |
| | Unsecured | | |
| | Loans repayable on demand | | |
| | -from Banks | - | 7.15 |
| | -from others | - | - |
| | Total | - | 7.15 |

| 28. | | 31st March 2019 | 31st March 2018 |
|-----|--|-----------------|-----------------|
| | Trade Payables | | |
| | Total outstanding dues of micro and small enterprises | - | - |
| | Total outstanding dues of creditors other than micro and small enterprises | 1,138.82 | 1,285.25 |
| | Total | 1,138.82 | 1,285.25 |

| 29. | | 31st March 2019 | 31st March 2018 |
|-----|--|-----------------|-----------------|
| | Other Financial Liabilities | | |
| | Current maturities of long term debt | - | - |
| | Interest accrued and due on borrowings | 23.30 | 54.24 |
| | Unclaimed Dividends | 6.98 | 6.98 |
| | Rent Deposit | 152.60 | 137.52 |
| | Statutory dues including PF and TDS | 182.07 | 182.90 |
| | Salaries & Wages Payable | 102.46 | 98.95 |
| | Others * | 3,840.41 | 3,367.39 |
| | Total | 4,307.82 | 3,847.98 |

* Includes advance of Rs. 2001.91 Lakhs towards future sale of building

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

| 30. | | 31st March 2019 | 31st March 2018 |
|-----|---------------------------|-----------------|-----------------|
| | Provisions | | |
| | Current - Due to Gratuity | 82.46 | 119.88 |
| | Total | 82.46 | 119.88 |

Rs. in lakhs

| 31. | | 31st March 2019 | 31st March 2018 |
|-----|---|-----------------|-----------------|
| | 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) | | |
| | - Others(Exclusive of Interest) | | 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 |
| | 1. Pursuant to an arbitration award dated 30.09.2017 relating to additional electricity dues of Caustic Soda plant sold by the Company in the year 1986 . together with interest at 6% p.a. | 231.37 | 231.37 |
| | The Company has challenged the award before the Madras High Court by paying 60 Lacs as Court Deposit. Pending disposal of the case by the High Court. | | |
| | Total | 322.44 | 467.44 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 32. | | 31st March 2019 | 31st March 2018 |
|-----|---|-----------------|-----------------|
| | Revenue from Operations (for companies other than a finance company) | | |
| | Revenue from - Sale of Fertilisers (Refer Note (i) and (ii)) | 1,601.42 | 1,444.82 |
| | Other operating revenue (Refer Note (iii)) | 232.84 | 205.44 |
| | Total | 1,834.26 | 1,650.26 |

Note :- (i) Includes Revenue from Contracts with Customers

Note :- (ii) Previous year - includes excise duty of Rs. 0.07 Lakhs upto 30th June 2017

Current year Nil due to implementation of GST with effect from 1st July 2017

Note :- (iii) Operating revenue includes Lease Rental Income

| 32.1 | | 31st March 2019 | 31st March 2018 |
|------|---------------------------------------|-----------------|-----------------|
| | (i) Details of Sales (Finished goods) | | |
| | - NPK Mixtures | - | 27.99 |
| | (ii) Details of Sales (Traded goods) | | |
| | - Agro Products | 166.21 | 312.02 |
| | - Micro & Bio Products | 78.82 | 146.85 |
| | - ST. Fertilisers | 140.49 | 356.76 |
| | - NPK Mixtures | 588.26 | 549.27 |
| | - Pesticides | 9.96 | - |
| | - Packing Materials | - | 2.02 |
| | - W.S.Fertilizers | 617.68 | 49.91 |
| | Total | 1,601.42 | 1,444.82 |

| 33. | | 31st March 2019 | 31st March 2018 |
|-----|----------------------|-----------------|-----------------|
| | Other Income | | |
| | Interest on Deposits | - | 0.55 |
| | Royalty Receipts | 5.95 | 22.10 |
| | miscellaneous income | 7.70 | 69.82 |
| | - Other Income | 79.02 | 103.02 |
| | Total | 92.67 | 195.49 |

| 34. | | 31st March 2019 | 31st March 2018 |
|-----|---|-----------------|-----------------|
| | Cost of Materials consumed | | |
| | Raw materials consumed | - | - |
| | Opening stock | - | - |
| | Add: Purchases (Net) | - | 19.54 |
| | Less: Inventory at the end of the year | - | - |
| | Cost of Materials consumed during the year | - | 19.54 |
| | Total | - | 19.54 |

Rs. in lakhs

| 35. | | 31st March 2019 | 31st March 2018 |
|-----|--|-----------------|-----------------|
| | Changes in inventory of finished goods and Work in progress | | |
| | (Increase)/decrease in stock | | |
| | Stock at the end of the year: | | |
| | Finished goods | 80.57 | 170.84 |
| | Land held as stock-in-Trade | 51.93 | 51.93 |
| | Less:- | | |
| | Total A | 132.50 | 222.76 |
| | Stock at the beginning of the year: | | |
| | Finished goods | 170.84 | 45.65 |
| | 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 | (523.12) | (453.29) |
| | Total B | 222.77 | 167.41 |
| | | | |
| | Total | 90.27 | (55.35) |
| 36. | | 31st March 2019 | 31st March 2018 |
| | Employee Expense | | |
| | Salaries and wages | 141.53 | 136.79 |
| | Gratuity(Refer Note:40) | 14.13 | 15.13 |
| | Contribution to PF | 15.01 | 14.12 |
| | Workmen and Staff welfare expenses | 4.87 | 5.22 |
| | Total | 175.54 | 171.26 |
| 37. | | 31st March 2019 | 31st March 2018 |
| | Finance Costs | | |
| | Interest | 0.56 | 6.54 |
| | Other borrowing costs | - | - |
| | Total | 0.56 | 6.54 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 38. | | 31st March 2019 | 31st March 2018 |
|-----|---|-----------------|-----------------|
| | Other Expenses | | |
| | Consumption of stores and Packing Materials | 12.00 | 12.65 |
| | Power and fuel | 10.21 | 11.36 |
| | Rent | 46.78 | 41.99 |
| | Audit Fees | | |
| | - Statutory Audit | 3.00 | 3.00 |
| | - Tax Audit | 0.20 | 0.20 |
| | Repairs to buildings | 10.51 | 9.44 |
| | Repairs Office and Others | 0.77 | 8.17 |
| | Repairs others | 9.73 | 4.45 |
| | Director Sitting Fee | 0.22 | 0.10 |
| | Insurance | 1.21 | 5.14 |
| | Rates & Taxes | 0.89 | 2.32 |
| | Travelling expenses | 77.37 | 30.47 |
| | Legal charges | 2.05 | - |
| | Telephone expenses | 6.05 | 5.47 |
| | Printing & Stationery | 5.41 | 13.21 |
| | Professional Charges | 57.14 | 63.93 |
| | Selling Expenses | 153.06 | 154.37 |
| | Loss on Sale of Asset | - | - |
| | Foreign Exchange Loss | 22.88 | - |
| | Office Maintenance | 24.73 | 26.73 |
| | Provision for diminution in the value of Investment | - | 5.20 |
| | Annual Listing Fee | 11.91 | 14.05 |
| | Other Manufacturing expenses | 17.36 | 14.93 |
| | Provision for doubtful debts | 65.18 | - |
| | Other Expenses | 79.83 | 116.08 |
| | Total | 618.49 | 543.26 |
| 39. | | 31st March 2019 | 31st March 2018 |
| | Exceptional Items | | |
| | Expenses | - | 200.47 |
| | Provisions and Credit balances written back | (281.51) | (89.62) |
| | Total | (281.51) | 110.86 |

Exceptional items comprise of-

The company in an earlier years had borrowed Rs.2.51 crores from a private company against proposed sale of company's property in Nilgiris. In the said state, the company had in earlier years acquired company's plantation unit in Nilgiris and another estate in Anaimalais. There has been certain legal disputes arising from claims by the Company and counter claims by the company. The company had obtained a legal opinion that pending resolution of the dispute by adjudication, the said liability is not to be acknowledged and accordingly the amount has been extinguished from the books and the liability, if any, will be accounted on resolution of this matter.

40. Employee benefit obligations

| | <u>Rs. In Lakhs</u> <u>Gratuity</u> <u>March 31, 2019</u> | <u>Rs. In Lakhs</u> <u>Gratuity</u> <u>March 31, 2018</u> |
|--------------|---|---|
| Current | 82.46 | 119.88 |
| Non Current | 21.30 | 25.11 |
| Total | <u>103.76</u> | <u>144.99</u> |

Other long-term employee benefits

Compensated absences

There is no scheme for encashment of earned leave .

Post employment benefits

(a) Defined contribution plan - Provident fund and Superannuation fund

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The Obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Amount recognised in the statement of profit and Loss

| | <u>Rs. In Lakhs</u> <u>March 31, 2019</u> | <u>Rs. In Lakhs</u> <u>March 31, 2018</u> |
|----------------|--|--|
| Provident Fund | 12.52 | 11.70 |

(b) Defined benefit plan - Gratuity

The Company provides for Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied by the number of years of service.

| (i) Reconciliation | Rs. In Lakhs |
|--|---------------------|
| Opening Defined benefit obligation as on April 1, 2018 | 144.99 |
| Transfer in/(out) obligation | - |
| Current service cost | 3.79 |
| Interest Cost | 10.34 |
| Total amount recognised in profit or loss | 14.13 |
| Components of actuarial gain/losses on obligation: | |
| Due to Change in financial assumptions | 0.28 |
| Due to Change in demographic assumption | - |
| Due to experience adjustments | (55.05) |
| Total amount recognised in other comprehensive income | (55.05) |
| Past service cost | - |
| Loss (gain) on curtailments | - |
| Liabilities assumed in an amalgamation in the nature of purchase | - |
| Exchange differences on foreign plans | - |
| Benefits paid | (0.59) |
| Closing Defined benefit obligation as on March 31, 2019 | 103.76 |

Kothari Industrial Corporation Limited

Expected Company contribution for the next year

(ii) Significant actuarial assumptions:

The significant actuarial assumptions were as follows:

31-Mar-19

| | |
|--------------------|---|
| Discount Rate | 7.15% |
| Salary Growth Rate | 7.00% |
| Withdrawal Rates | 15% at younger ages reducing to 3% at older ages |

The average outstanding term of the obligations (years) as at valuation date is 4.74 years.

(iii) Sensitivity to key assumptions

| | |
|--------------------|--------|
| Discount rate | -0.67% |
| | 0.70% |
| Salary growth rate | 0.70% |
| | -0.67% |

The above Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

| | | | |
|-----|---|------------------------|------------------------|
| 41. | Earnings / (Loss) per share - calculation of weighted average number of Equity Shares of Rs.5/- each. | | |
| | | 31st March 2019 | 31st March 2018 |
| | Net Profit /(Loss) attributable to Shareholders | 61.11 | (253.46) |
| | Number of shares of Rs.5/- each | 1,91,10,885 | 1,91,10,885 |
| | Basic & Diluted Earnings(in Rupees) per Share | 0.32 | (1.32) |

42. Related Parties Disclosure:

(i) Name of the Key Management Personnel:

Mr. Rafiq Ahmed - Managing Director
No remuneration was paid to Managing Director during the year
Mr. V. Singaravel - Chief Financial Officer
Mr. Anil Kumar Padhiali - Company Secretary

(a) Related parties under Ind AS 24 with whom transactions have taken place during the year:

| | |
|---|------------|
| Gemini Fertilizers | Proprietor |
| Parveen Roadways Private Limited | Director |
| Gemini Legal Consultants Private Limited | Director |
| Gemini Iron and Steel Private Limited | Director |
| Top guard International Security Force Private Limited | Director |
| Kothari Marine International Limited (Subsidiary Company) | Director |
| Gemini Karma International Services Private Limited (The spouse of Managing Director is a Director in the Company) | |
| Parveen Roadways | Proprietor |
| Parveen Rolling Company | Proprietor |

Rs. in lakhs

| Transactions with related parties during the year along with balances as at year end: | Enterprise having significant influence | Enterprise having significant influence |
|---|---|---|
| Nature of Transaction | 31.03.2019 Amount (Rs. in lakhs) | 31.03.2018 Amount (Rs. in lakhs) |
| a) Transaction during the year | | |
| <u>Purchase of Raw Materials & finished goods</u> | | |
| Gemini Fertilizers | 465.99 | 151.72 |
| <u>Royalty Income</u> | | |
| Gemini Fertilizers | 5.95 | 22.10 |
| <u>Lease Rental Income</u> | | |
| Gemini Fertilizers | 12.00 | 12.00 |
| Gemini Legal Consultants Private Limited | 4.54 | 4.54 |
| Top guard International Security Force Private Limited | 0.86 | 0.86 |
| Gemin Karma International Services Private Limited | 39.81 | |
| <u>Service Income</u> | | |
| Gemini Fertilizers | 64.50 | 50.18 |
| Gemin Karma International Services Private Limited | 7.38 | - |
| <u>Service Charges</u> | | |
| Top guard International Security Force Private Limited | 3.50 | 0.93 |
| <u>Consultancy charges</u> | | |
| Gemini Legal Consultants Private Limited | - | 4.00 |
| b) Balances outstanding as at year end | | |
| <u>Investment</u> | | |
| Kothari Marine International Limited | 10.00 | - |
| <u>Trade Receivables</u> | | |
| Gemini Legal Consultants Private Limited | 23.51 | 4.63 |
| <u>Trade Payables</u> | | |
| Gemini Fertilizers | 170.37 | 166.02 |
| Top Guard International Security Force Private Limited | 0.73 | - |
| <u>Loan</u> | | |
| Parveen Roadways Private Limited | 844.70 | 844.70 |
| <u>Advance Receivable</u> | | |
| Kothari Marine International Limited | 0.10 | - |
| <u>Advance payable</u> | | |
| Parveen Roadways Private Limited | 24.35 | 24.35 |
| Gemini Fertilizers | 88.94 | 166.02 |
| Parveen Roadways | 21.08 | - |
| Parveen Rolling Company | 1.50 | 1.50 |
| <u>Advance Received towards building</u> | | |
| Gemini Iron and Steel Private Limited | 2,001.91 | 2,059.01 |
| <u>Recoverable</u> | | |
| Gemini Iron and Steel Private Limited | 442.03 | 390.70 |
| Gemin Karma International Services Private Limited | 82.69 | - |

Kothari Industrial Corporation Limited

43. Segment Information

- 43.1 The Directors of the Company have been identified as the Chief Operating Decision Makers (CODM) as
- 43.2 The business operation are restricted in India. The Company operates in India and foreign markets. The Company has opted to disclose segment information using quantitative threshold as per the Ind AS 108.

Rs. in lakhs

| Sl. No. | PARTICULARS | Twelve Months Ended | |
|-----------|--|-------------------------|-------------------------|
| | | 31.03.2019 (Audited) | 31.03.2018 (Audited) |
| 1. | Segment Revenue (Net Sales/Income from Operations) | | |
| | a. Fertilizer | 1,601.42 | 1,444.82 |
| | b. Rental from Property | 232.84 | 205.44 |
| | Total | 1,834.26 | 1,650.26 |
| | Less: Inter Segment revenue | | |
| | Net Sales / Income from Operations | 1,834.26 | 1,650.26 |
| 2. | Segment Results (Profit before Tax and Interest) | | |
| | a. Fertilizer | (253.33) | (638.42) |
| | b. Rental from Property | 222.33 | 196.00 |
| | Total | (31.00) | (442.42) |
| | Less: | | |
| | (i) Unallocated Interest and finance charges | 0.56 | 6.53 |
| | (ii) Other unallocable expenditure net of unallocable Income | 92.67 | 195.49 |
| | Profit before tax | 61.11 | (253.46) |
| 3. | Segment Assets | | |
| | a. Fertilizer | 580.48 | 748.90 |
| | b. Rental from Property | 113.08 | 64.55 |
| | Unallocated | 7,461.24 | 7,275.88 |
| | Total | 8,154.80 | 8,089.33 |
| 4. | Segment Liability | | |
| | a. Fertilizer | 1,996.31 | 1,914.57 |
| | b. Lease Rent on property and others | 152.60 | 137.52 |
| | Unallocated | 4,696.19 | 4,843.42 |
| | Total | 6,845.10 | 6,895.51 |
| 5. | Capital Employed (3-4) Total Capital Employed | 1,309.70 | 1,193.82 |

44. Fair Value Measurements

(a) Financial instrument by category and hierarchy

| Particulars | Hierarchy | Notes | 31st March 2019 | | | 31st March 2018 | | |
|--|-----------|-------|-----------------|------|----------------|-----------------|------|----------------|
| | | | FVPL | FOCI | Amortized cost | FVPL | FOCI | Amortized cost |
| Financial assets | | | | | | | | |
| (i) Financial assets held at amortized cost | | | | | | | | |
| Trade receivables | 1 | 19 | | | 499.94 | | | 496.21 |
| Cash and cash equivalents | 1 | 20 | | | 32.99 | | | 61.03 |
| Other financial assets | 1 | 21 | | | 406.12 | | | 273.09 |
| Financial liabilities | | | | | | | | |
| (i) Financial liabilities held at amortized cost | | | | | | | | |
| Borrowings | 1 | 27 | | | - | | | 7.15 |
| Trade payables | 1 | 28 | | | 1,138.82 | | | 1,285.25 |
| Other Financial liabilities | 1 | 29 | | | 4,307.82 | | | 3,847.98 |

Hierarchy

level 1: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 1. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 1.

Fair value of financial assets and liabilities measured at amortised cost.

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities (current) are considered to be the same as their fair values, due to their short-term nature and categorized as Level 1 hierarchy.

Kothari Industrial Corporation Limited

45. Financial Risk Management

The Company has at present no outside credit facilities. The working capital and other financial needs are funded periodically by the Vice Chairman and Managing Director and hence the risk is not borne by the Company. As regards trading operation a close monitoring procedure is in place and marketing field team ensures recovery of receivables and no significant bad or doubtful debts are likely to occur in the future.

The Financial risk in regards to manufacture of fertilizer is to the account of the lessee including overseas credit and settlement thereof.

3. Pursuant to the approval of shareholders at the Extra-ordinary General Meeting (EGM) held on 26th February 2019, the company has transferred two floors in Kothari Buildings belong to the company, to a company who is the related party. Further, the balance two floors in Kothari Building belong to the company has to be transferred to a Financial Creditor. The above transaction would get reflected in the accounts of the coming year
4. 4.(a) The Company has invested Rs.9,99,940/- comprising of 9,994 shares of Rs.10/- each in its subsidiary Kothari Marine International Limited representing 99.99% of the share capital of the subsidiary. (b)The accounts of the subsidiary as certified by its statutory auditors have been consolidated in the accounts of the company.
5. The Proceedings initiated by collector of Nilgiris for repossession of certain plots of land in Coonoor for public use has been challenged by the Company on a writ petition filed before Madras High Court. The matter is pending Adjudication.
6. Pursuant to an arbitration award dated 30.9.2017 relating to additional electricity dues of Caustic Soda plant sold by the Company in the year 1986 is amounting to Rs. 2.31 Crores together with interest at 6% p.a. The Company has challenged the award before the Madras High Court which is pending adjudication.
7. Exceptional Item represents -
The company in an earlier years had borrowed Rs.2.51 crores from a private company against proposed sale of company's property in Nilgiris. In the said state, the company had in earlier years acquired company's plantation unit in Nilgiris and another estate in Anaimalais. There has been certain legal disputes arising from claims by the Company and counter claims by the company. The company had obtained a legal opinion that pending resolution of the dispute by adjudication, the said liability is not to be acknowledged and accordingly the amount has been extinguished from the books and the liability, if any, will be accounted on resolution of this matter.
8. On a critical appraisal of trade receivables relating to earlier years, a provision of Rs.65.18 Lakhs (included in Other Expenses) has been made as a matter of prudence, while efforts have been taken for legal recovery from the outstanding dealers in the states of Karnataka, Kerala & Andhra. However, steps are being made to recover the outstanding including through legal process.
9. The company's assessment for the accounting years 2003-04 to 2010-11 are under appeal before the Commissioner of Income Tax (appeals). In the unlikely event of, the appeals being disposed of against the company, there would be no tax demand in view of the accumulated losses.
10. With regard to various pending legal claims which are under adjudication / and /or negotiation, the management does not anticipate any significant cash outflow and any possible claim is not quantifiable at present and accordingly no provision has been made in the accounts.
11. As per the records and information available with the company there are no amounts outstanding as on 31st March 2019 payable to :
 - (i) Small Scale Industries
 - (ii) Micro, Small and Medium Enterprises
12. Following the assignment of dues from Kotak Mahindra Bank and settling the dues in full and Assignee namely Parveen Roadways Private Limited has made a contingent claim on the company of Rs.5215 Lakhs being the debt originally indicated as in the Assignment Deed.
13. In accordance with Accounting Standard 22 - "Taxes on Income", Deferred tax Asset is not recognised as a matter of prudence.
14. The previous periods have been regrouped reclassified wherever necessary.

As per our Report of even date

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

**A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date : 30.05.2019**

For and on behalf of the Board

**Pradip D Kothari
Chairman**

**Anil Kumar Padhiala
Company Secretary**

**J. Rafiq Ahmed
Vice Chairman &
Managing Director
V. Singaravel
Chief Financial Officer**

Independent Auditor's Report

To the Members of

KOTHARI INDUSTRIAL CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KOTHARI INDUSTRIAL CORPORATION LIMITED ("the Company") and its subsidiary company which comprises of the consolidated Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information to the consolidated financial statements

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013 (The Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, and consolidated loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS Financial Statements.

Material Uncertainty Related to Going Concern

The company has generated negative cash flows and incurred substantial operating losses during the current year and earlier years. Its current liabilities far exceeds its current assets. In order to continue the company is apparently dependent on the infusion of sufficient funds and restructuring of operations. There is, thus, in our opinion, existence of material risk as to the company's ability to continue as going concern. Based on the funds infused, business plans and the diversification programmes of the management, the company is reasonably assured to carry on the operations as a going concern. On this basis the company has prepared the financial statements on going concern basis.

Our conclusion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any matters to be the key audit matters to be communicated in our report.

Continued...

Kothari Industrial Corporation Limited

| Key Audit Matter | Auditor's Response |
|--|--|
| <p><u>Revenue recognition under Ind AS 115</u></p> <p>The sales of various products traded by the company are generally on credit terms. The credit terms varies according to the nature of products namely, Straight Fertilizers, NPK Mixtures, Agro Products, Micro Bio Products, Water Soluble Fertilizers etc. and relationship with the customers.</p> <p>Most of the customers are long standing relationship with the company and are being serviced by Field Officers. The credit period varies according to the products mentioned above and also the credit worthiness of the customers. The credit period generally ranges from 30 to 120 days which is normal trade practice.</p> <p>There is however no standard policy.</p> | <p><u>Our procedures included:</u></p> <p>It is noticed during the audit that the company has effective control through field officers to monitor the quantum of sales including types of products and value of goods sold on credit. The field officers are in constant touch with the customers and monitor recovery of dues and supply by goods on credit is conditioned by overdues from the customers. There is no procedure of charging overdue interest on overdue accounts, but this is taken into account would affect the credit rating of the customers. The above procedure has been broadly reviewed to our satisfaction.</p> <p>The company has recently evolved effective online control system ensuring better supervision at the field level, regional office etc.</p> |

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Without qualifying our report we draw attention to the

following:

1. No provision has been created in the accounts against loss that may arise due to the claim raised by the Government against the Coonor property. (Refer Note No. 5).
2. Arbitration Award against the Company regarding additional electricity dues of erstwhile Caustic Soda plant which is challenged by the Company before Madras High Court and pending Adjudication.(Refer Note No.6).

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED 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 consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

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 RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be

Kothari Industrial Corporation Limited

expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements/financial information of One subsidiaries whose financial statements/ financial information reflect total assets of Rs. 22,48,067/- as at March 31, 2019, total revenue of Rs. Nil and total comprehensive income [comprising of profit/(loss) and other comprehensive income] of Rs. Nil for the year ended on that date, as considered in the consolidated financial results, These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial results insofar as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019

taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- 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 "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year.
 - h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Chennai
Dated : 30.5.2019

For **M/s. Arockiasamy & Raj**
Chartered Accountants
Firm Reg.No.006850S

(A. Nagarajan)
Partner
Membership No. 020680

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Kothari Industrial Corporation Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of KOTHARI INDUSTRIAL CORPORATION LIMITE D (“the Company”) as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. 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 on 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 respective 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.

AUDITOR’S RESPONSIBILITY

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. 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

Kothari Industrial Corporation Limited

maintenance of records that, in reasonable detail, accurately and 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

7. 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

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai
Dated : 30.5.2019

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

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) 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, 2019:

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 been physically verified by the management in a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its business.
 - c. The title deeds of immovable properties are held in the name of the company
2. The management has 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. According to the information and explanations given to us, 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, Goods and 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, Goods and Service Tax, Duty of Customs, and any other statutory dues with the appropriate authorities.
 - (b) According to the information and explanations given to us, the extent of arrears of undisputed amount outstanding as on 31st March 2019 for a period of more than six months from the date they became payable, as certified by the Management is as under

Rs. in lakhs

| | |
|-------------------|-----------|
| Income Tax (TDS)* | 56,66,882 |
| Professional Tax | 17,51,172 |

*Since remitted Rs 1,09,724/-

- (c) According to the information and explanations given to us, There are no disputed dues of Income Tax, Customs Duty, Cess and other material statutory dues except the following.

| Name of the statute | Nature of dues | Amount (in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|----------------|------------------|------------------------------------|--|
| 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 |
| Karnataka Turnover tax on NPK Mixture | KST | 3.87 | 1996-97 | STAT – Stay |
| Kerala Disputed rate of tax | KGST | 0.05 | 2001-02 | STAT – Stay |
| | Total | 876.89 | | |
| Remanded back to Assessing authorities: Branch transfer of fertilisers, 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 |

Kothari Industrial Corporation Limited

8. On the basis of verification of records and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to Financial Institutions, and subsequently settled the matter thru Court, NCLT proceedings and assignments.,The company has not raised any monies against issue of 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. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid any managerial remuneration during the year.
12. 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.
13. 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.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, the provisions of clause (xiv) of para 3 of the Order are not applicable to the company.
15. 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.
16. 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.

Chennai
Dated : 30.5.2019

For **M/s. Arockiasamy & Raj**
Chartered Accountants
Firm Reg.No.006850S

(A. Nagarajan)
Partner
Membership No. 020680

KOTHARI INDUSTRIAL CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

Rupees in lakhs

| Particulars | Note No | As at 31st March 2019 |
|--|---------|--------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| (a) Property, Plant and Equipment | 15(a) | 5,891.25 |
| (b) Capital Work in Progress | | - |
| (c) Intangible assets | (b) | 1.09 |
| (d) Intangible assets under development | | - |
| (e) Deferred tax asset (Net) | | 778.03 |
| (f) Miscellaneous expenditure | | 0.17 |
| (g) Financial Assets | | |
| (i) Investments | 16 | - |
| (ii) loans and advances | 17 | 374.76 |
| (iii) Other non-current assets | | - |
| Non-Current Assets | | 7,045.30 |
| CURRENT ASSETS | | |
| (a) Inventories | 18 | 172.84 |
| (b) Financial Assets | | |
| (i) Investments | | |
| (ii) Trade receivables | 19 | 499.94 |
| (iii) Cash and cash equivalents | 20 | 43.09 |
| (iv) Other Financial assets | 21 | 406.01 |
| (c) Other Current Assets | | |
| Current Assets | | 1,121.88 |
| TOTAL ASSETS | | 8,167.18 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| (a) Equity Share Capital | 22 | 955.54 |
| (b) Other Equity | 23 | 354.16 |
| Equity | | 1,309.70 |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 24 | 1,294.70 |
| (ii) Other Financial liabilities | | |
| (b) Provisions | 25 | 21.30 |
| (c) Deferred tax Liabilities (Net) | | - |
| (d) Other non-current liabilities | | - |
| Non Current Liabilities | | 1,316.00 |
| CURRENT LIABILITIES | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | | - |
| (ii) Trade payables | 26 | |
| Total outstanding dues of micro enterprises and small enterprises | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,138.82 |
| iii) Other Financial liabilities | 27 | 4,307.82 |
| (b) Other Current liabilities | 28 | 12.38 |
| (c) Provisions | 29 | 82.46 |
| (d) Current Tax Liability (Net) | | |
| Current Liabilities | | 5,541.48 |
| TOTAL EQUITY AND LIABILITIES | | 8,167.18 |
| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 2 | |
| CONTINGENT LIABILITIES | 30 | |

The accompanying notes are an integral part of the standalone Ind AS financial statements

As per our Report of even date

On behalf of the Board of Directors

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

Pradip D Kothari
Chairman

J. Rafiq Ahmed
Vice Chairman &
Managing Director

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

Anil Kumar Padhiali
Company Secretary

V. Singaravel
Chief Financial Officer

Kothari Industrial Corporation Limited

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

| Particulars | Note No | Rupees in lakhs |
|--|---------|---------------------------------------|
| | | For the year ended 31st March 2019 |
| Revenue from operations | 31 | 1,834.26 |
| Other Income | 32 | 92.67 |
| | | <u>1,926.93</u> |
| Expenses: | | |
| Cost of materials consumed | 33 | 9.37 |
| Purchase of Stock-in-Trade | | 1,215.29 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 34 | 78.05 |
| Excise Duty | | - |
| Employee benefits | 35 | 175.54 |
| Financial costs | 36 | 0.56 |
| Depreciation and amortization expense | 15(c) | 47.19 |
| Other expenses | 37 | 621.33 |
| | | <u>2,147.33</u> |
| Profit / (Loss) before exceptional and extraordinary items and tax | | (220.40) |
| Exceptional Items | 38 | (281.51) |
| Profit / (Loss) before tax | | 61.11 |
| Tax expense: | | |
| (1) Current tax | | - |
| (2) Deferred tax | | - |
| Profit for the year from continuing operations | | 61.11 |
| Profit/(Loss) from discontinuing operations | | |
| Tax expense of discounting operations | | |
| Profit/(Loss) from Discontinuing operations | | - |
| Profit/(Loss) for the year | | <u>61.11</u> |
| Other Comprehensive Income | | |
| Items that will not be reclassified to profit or loss | | |
| - Re-measurement of gains and (losses) on defined benefit obligation | | 54.76 |
| Total Comprehensive Income for the year | | <u>115.87</u> |
| Earning per equity share: | | |
| (1) Basic | | 0.32 |
| (2) Diluted | | 0.32 |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2

The accompanying notes are an integral part of the consolidated Ind AS financial statements

As per our Report of even date

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

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

On behalf of the Board of Directors

Pradip D Kothari
Chairman

Anil Kumar Padhali
Company Secretary

J. Rafiq Ahmed
Vice Chairman &
Managing Director

V. Singaravel
Chief Financial Officer

A) EQUITY SHARE CAPITAL

Rs. in lakhs

| Equity shares of Rs. 5 each issued, subscribed and fully paid (Refer Note No. 22 a) | 31st March 2019 | |
|---|--------------------|---------------|
| | No. of Shares | Amount |
| Equity Shares | | |
| Balance as at the beginning of the year | 1,91,10,885 | 955.54 |
| Add : Shares issued during the year | - | - |
| Balance as at the end of the year | 1,91,10,885 | 955.54 |

B) OTHER EQUITY (Refer Note 23 b)

Rs. in lakhs

| | Reserves and Surplus | | | | | Total |
|------------------------------|----------------------|-----------------------------|---------------------|-------------------|---|---------------|
| | Capital Reserves | Capital Redemption Reserves | Revaluation Reserve | Retained Earnings | Other Reserves FVOCI equity Instruments | |
| Balance as at April 1, 2018 | 65.85 | 18.00 | 4,730.77 | (4,576.34) | - | 238.29 |
| Profit / (Loss) for the year | - | - | - | 115.87 | - | 115.87 |
| Balance as at March 31, 2019 | 65.85 | 18.00 | 4,730.77 | (4,460.47) | - | 354.16 |

The accompanying notes are an integral part of the standalone Ind AS financial statements

As per our Report of even date

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

A. Nagarajan
Partner

Membership No.020680

Place: Chennai

Date: 30.05.2019

On behalf of the Board of Directors

Pradij D Kothari
Chairman

J. Rafiq Ahmed
Vice Chairman &
Managing Director

V. Singaravel
Chief Financial Officer

CASH FLOW STATEMENT

31st March 2019

Rs Lakhs

A) CASH FLOW FROM OPERATING ACTIVITIES

NET PROFIT/(LOSS) BEFORE TAX

ADD:

NET DEPRECIATION FOR THE YEAR

LESS

MISCELLANEOUS INCOME

LOSS ON DISPOSAL OF ASSETS

INTEREST

INTEREST RECEIPTS

PROVISION FOR DEBTS

PROVISION FOR INVESTMENT

OPERATING PROFIT BEFORE WORKING

CAPITAL CHARGES

MOVEMENT IN WORKING CAPITAL :

(INCREASE)/DECREASE IN INVENTORIES

(INCREASE)/DECREASE IN TRADE RECEIVABLES

(INCREASE)/DECREASE IN FINANCIAL ASSETS

INCREASE/(DECREASE) IN PROVISIONS

INCREASE/(DECREASE) IN BORROWINGS

INCREASE/(DECREASE) IN TRADE PAYABLES

INCREASE/(DECREASE) IN OTHER FINANCIAL LIABILITIES

INCREASE/(DECREASE) IN OTHER CURRENT LIABILITIES

CASH FLOW

NET CASH FLOW FROM

OPERATING ACTIVITIES(A)

B) CASH FLOW FROM INVESTING ACTIVITIES

INTEREST RECEIPTS

PROFIT ON SALE OF ASSETS

NETT INCREASE IN FIXED ASSETS

OTHER NON CURRENT ASSETS

NETT INCREASE IN INVESTMENTS

NET CASH FLOW FROM INVESTING ACTIVITIES(B)

61.11

47.18

108.29

7.70

(0.56)

-

(65.18)

(58.04)

166.33

83.37

(68.91)

(132.37)

13.54

-

(146.43)

144.40

12.38

(94.01)

72.32

72.32

-

-

(28.09)

(0.17)

-

(28.26)

(28.26)

B) CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|---|----------------|--|
| BORROWINGS (REPAYMENT) OF NON CURRENT LIABILITIES | - | |
| BORROWINGS (REPAYMENT) OF LONG TERM BORROWINGS | (0.00) | |
| ADVANCES | (61.43) | |
| SHARE CAPITAL | | |
| INTEREST PAID | (0.56) | |
| NET CASH FLOW FROM FINANCING | (62.00) | |
| ACTIVITIES (C) | | |
| NET INCREASE IN CASH AND | (17.94) | |
| CASH EQUIVALENTS (A+B+C) | | |
| CASH AND CASH EQUIVALENT | 61.03 | |
| OPENING BALANCE | | |
| RESTATEMENT OF FOREIGN CURRENCY CASH | - | |
| AND CASH EQUIVALENTS | | |
| CASH AND CASH EQUIVALENT | 43.09 | |
| CLOSING BALANCE | | |
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | |
| CASH ON HAND | 2.24 | |
| BALANCES ON CURRENT ACCOUNTS | 40.85 | |
| CHEQUES ON HAND | | |
| TOTAL CASH AND CASH EQUIVALENTS | 43.09 | |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2

Note:- The above cash flow statement has been prepared under "Indirect method" Set out in the Ind AS 7 - Cash flow statement

As per our Report of even date
For Arockiasamy & Raj
Chartered Accountants
Regn.No.006850S

For and on behalf of the Board

Pradip D Kothari
Chairman

J. Rafiq Ahmed
Vice Chairman &
Managing Director

A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date: 30.05.2019

Anil Kumar Padhiali
Company Secretary

V. Singaravel
Chief Financial Officer

Kothari Industrial Corporation Limited

NOTES ON ACCOUNTS

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

1. Corporate Information

(i) Holding Company

Kothari Industrial Corporation Limited (“KICL” or “the Company”) is a public limited company was incorporated under the provisions of the Indian Companies Act in July 1, 1970 and is a listed company. 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.

The financial statement has been presented on principles applicable to a going concern despite accumulated losses and consequent erosion in net worth, on the fact that significant amount of moneys being made available from time to time by associate companies of the Managing Director for working funds and settlement of old creditors and would continue to do so. Further, the business plan envisaged by management provides for large scale expansion with injection of finance.

(ii) Subsidiary Company

Kothari Marine International Limited is an Indian Company promoted by Kothari Industrial Corporation Limited, which is registered under the provisions of the Companies Act, 2013. The Company's main activity is Marine business.

2. SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of preparation of standalone Ind AS Financial statements

(a) Statement of Compliance

These financial statements have been prepared in accordance with the generally accepted accounting principles in India and have complied in all material respects with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable and also complied with other relevant provisions of the Act and Interpretations issued by the Ind AS Transition Facilitation Group (ITFG) applicable to Companies reporting under Ind AS and additional disclosures required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) Basis of measurement

These financial statements have been prepared under historical cost convention except for certain assets and liabilities as stated in the respective policies, which have been measured at fair value

(c) Current versus non-current classification

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 Use of estimates and judgement

The preparation of financial statement in conformity with the generally accepted accounting principles requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, reported amounts of revenue and expenses for the year and disclosure of contingent liabilities as of the date of balance sheet. The judgement, estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date financial statements. Actual amounts could differ from these estimates.

2.3 Significant estimates and judgements

The areas involving significant estimates and judgements:

Defined Employee benefit Obligation - (Refer Note 39)

2.4 Property, Plant and Equipment

- (a) Freehold land is carried at cost. All other items of property, plant and equipment including intangibles are carried at cost less accumulated depreciation/amortisation losses, if any.

Subsequent expenditure relating to an asset is included in its book value only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

2.5 Depreciation

Depreciation on tangible assets is provided on Written Down value method based on all assets at the appropriate rates in accordance with Schedule II to the Companies Act, 2013. Cost of Intangible amortised over a period of ten years on written down value basis. Investment property is depreciated using the straight line method over its estimated useful life in line with rates specified in Schedule II to the Companies Act 2013.

2.6 Borrowing Costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of assets up to the date such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

2.7 Impairment

The carrying values of assets/cash generating units at each Balance sheet date are annually reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of Profit and Loss.

2.8 Foreign Currency translation

i) Functional and presentation currency

The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

ii) Transaction and balances

Initial Recognition

Foreign currency transactions are recorded in functional currency using the exchange rate prevailing on the date of transaction

Subsequent recognition

As at the reporting date, monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising out of actual payment/ realisation and from the year end restatement are recognised in the statement of Profit and Loss.

Forward Contracts

Foreign exchange forward contracts outstanding at the year-end on account of firms commitment / highly probable forecast transactions are marked to market and the gains / losses, if any, are recognised in the Statement of Profit and Loss. The Company does not enter into any speculative transactions in derivatives.

2.9 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 basis.

2.10 Cash and Cash equivalents

Cash and Cash equivalents consists of all cash balances including demand deposits with banks with original maturities of three months or less.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

2.12 Investments and other financial assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For Investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those asset changes.

ii) Measurement

Initial recognition:

The Company measures a financial asset (in the case of a financial asset not carried at a fair value through profit or loss) at its fair value plus transaction costs that are directly attributable to the acquisition of the

financial asset. Transaction costs of financial assets are carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

a. Equity Instruments

The Company subsequently measures all investments in equity (except that in the associate) at fair value and has elected to present fair value gains and losses on equity investments in other comprehensive income with no subsequent reclassification fair value gains and losses to profit or loss.

Investment in associates are measured at cost less provision for impairment.

b. Debt Instruments:

Company's investment in mutual funds (debt funds) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss in the period in which it arises.

iii) Impairment of financial asset:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. Impairment is considered when there is significant increase in credit risk

iv) De-recognition of financial assets

A financial asset is de-recognised only when:

- a) The Company's contractual right to the cash flow expires or
- b) The Company has transferred the rights to receive cash flows from the financial asset.

2.13 Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when the Company satisfies performance obligation by transferring promised goods to customers. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue from Fertilizer sales is recognised when the significant risks and rewards of ownership in the goods are transferred to customers and recovery of the consideration is probable.

Sale of Products

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable. Revenue is net of returns and allowances, trade discounts and volume rebates and Goods and Services Tax.

Sale of services

Royalty income is recognised, on an accrual basis, at agreed rate on production of branded products by the licensee, in accordance with the terms of agreement.

2.14 Lease Rental Income

As a lessor

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight line basis.

2.15 Government Subsidy

Government Subsidy are recognised at fair value where there is a reasonable assurance that the subsidy will be received and all attached conditions will be complied with.

Government Subsidy relating to income are recognised in the statement of profit and loss over the periods in which the related costs, for which the grants are intended to compensate are recognised as expenses.

2.16 Employee benefits / Obligations

(i) Short term obligations

Liabilities for wages and salaries including non monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered their related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

(ii) Post employment obligations.

The Company has the following post employment obligations / plans:

- a) Defined benefit plans such as gratuity for its eligible employees; and
- b) Defined contribution plan such as provident fund

a) Gratuity:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset.

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumption are recognised in the period in which they occur, directly in other comprehensive income (net of tax).

(b) Provident Fund:

This is a defined contribution plan, and contributions made to the Fund as per the rules of the Company are charged to profit and loss as and when due. The Company has no further obligations for future provident fund benefits other than monthly contributions.

2.17 Taxes on Income

Taxes on Income comprise current tax and deferred tax

The current tax expense for the period is the tax payable on the current period's taxable income computed at the applicable income tax rate and is recognised in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Provisions and contingencies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.19 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all potential equity shares.

2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief Operating Decision Maker (“CODM”)

2.21 Dividend to Shareholders

Final dividend distributed to equity shareholders is recognised in the period in which it is approved by the members of the Company in the Annual General Meeting. Interim dividend is recognised when approved by the Board of Directors at the Board meeting. Dividend distributed (including interim dividend) is recognised in the Statement of changes in Equity.

2.22 Recent Accounting pronouncements to be effective from 1st April 2019

Ind AS 116 Leases:

The Ministry of Corporate Affairs has notified the Ind AS 116. Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss.

Kothari Industrial Corporation Limited

The Company is currently evaluating the requirements of Ind AS 116 on the financial statements. The Company believes that the definition of lease under Ind AS 116 would not significantly change the scope of contracts that meet the definition of a lease.

Amendment to Ind AS 12 'Income Taxes':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendments will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Amendment to Ind AS 19 'Employee Benefits':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Rs. in lakhs
 Note 17 (b)

Note 15 (a) Property, plant and equipment

| Description of Assets | Freehold/Lease hold Land | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Intangible Assets | Total |
|--|--------------------------|-------------------|-------------------|----------------------|---------------|-------------------|-------------------|-------------------|
| 1. Gross Carrying value | | | | | | | | |
| Balance as at March 31, 2018 (Deemed Cost) | 5,678.38 | (2,564.41) | 81.18 | 0.47 | (3.50) | 3,192.12 | 5.04 | 3,197.16 |
| Additions* | - | 24.98 | 3.12 | - | - | 28.09 | - | 28.09 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2019 (Deemed Cost) | 5,678.38 | (2,539.43) | 84.30 | 0.47 | (3.50) | 3,220.21 | 5.04 | 3,225.25 |
| II. Accumulated depreciation / Amortisation | | | | | | | | |
| Balance as at March 31, 2018 | - | (2,746.55) | 34.54 | 0.24 | (5.72) | (2,717.49) | 3.23 | (2,714.26) |
| Charge for the period (Note-15(c)) | - | 26.93 | 18.05 | 0.08 | 1.39 | 46.45 | 0.73 | 47.18 |
| Disposals** | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2019 | - | (2,719.62) | 52.58 | 0.32 | (4.33) | (2,671.04) | 3.95 | (2,667.09) |
| Net Carrying Value | | | | | | | | |
| Balance as on March 31, 2019 | 5,678.38 | 180.19 | 31.72 | 0.15 | 0.83 | 5,891.25 | 1.09 | 5,892.34 |
| Balance as on March 31, 2018 | 5,678.38 | 182.14 | 46.64 | 0.23 | 2.22 | 5,909.61 | 1.81 | 5,911.42 |

With the introduction of IndAS which is effective for the company from 1st April 2016 and a re-allocation of the values of Kothari land and building has been made based on comprehensive valuation report by an approved valuer in 2012. The rates adopted by the valuer is as per guideline value of land by corporation which has not since changed. The value of the building as given by the valuer as on 2012 has been adopted on depreciated rates prescribed under the Companies Act and the "deemed cost" has been arrived on this basis. The aggregate carrying value of land and building is retained at Rs.6005 Lakhs. Accordingly, the company share of undivided land is arrived at Rs.5600 Lakhs and the building at Rs.405 Lakhs (is under charge in favour of lenders). These values are reflected as carrying value of the assets and the written down value is taken as "deemed cost". There is no change in the carrying value of the other fixed assets.

Kothari Industrial Corporation Limited

Rs. in lakhs

| 16. | | 31st March 2019 |
|-----|--|-----------------|
| | Investments | |
| | Non-Current Investments | |
| | Unquoted | |
| | Investments in Equity instruments | |
| | 99994 shares of Kothari Marine International Limited @ Rs. 10 each | - |
| | - 52000 shares of Katiken Logistics Ltd @ Rs.10 each | 5.20 |
| | Less: Investment provision | (5.20) |
| | Total | - |

The Company is defunct and in verge of liquidation

| 17. | | 31st March 2019 |
|-----|---|-----------------|
| | Loans and Advances | |
| | Non Current Assets | |
| | Secured considered good | |
| | Capital Advances | |
| | Security Deposits | 269.84 |
| | Sub Total | 269.84 |
| | Unsecured considered good/Doubtful | |
| | - Rental Deposit | 16.58 |
| | Sub Total | 16.58 |
| | Advances recoverable in cash or in kind | - |
| | Other loans & advances | - |
| | - Balances with Govt. Authorities | 88.34 |
| | Sub Total | 88.34 |
| | Total | 374.76 |

Current Assets

| 18. | | 31st March 2019 |
|-----|----------------------|-----------------|
| | Inventories | |
| | Work in progress | |
| | Finished goods | 92.78 |
| | Stock in trade(Land) | 51.93 |
| | Others | |
| | - Packing Materials | 28.13 |
| | Total | 172.84 |

**Details of Finished Goods
Inventory**

Rs. in lakhs

| 18.1 | 31st March 2019 |
|-------------------------------|-----------------|
| (i) Goods Manufactured | 1.89 |
| - NPK Mixtures | |
| (iii) Details of Traded goods | |
| - Agro Products | 5.42 |
| - Micro & Bio Products | 11.83 |
| - ST. Fertilisers | 8.73 |
| - NPK Mixtures | 9.84 |
| - Pesticides | 11.88 |
| - W.S.Fertilisers | 30.98 |
| - Marine Products | 12.21 |
| Total | 92.78 |

| 19 | 31st March 2019 |
|-------------------------------|-----------------|
| Trade receivables | |
| Secured Considered good | 199.50 |
| Unsecured, considered good | 300.62 |
| Unsecured considered doubtful | 65.00 |
| -Others | - |
| Less : Provisions | (65.18) |
| Total | 499.94 |

| 20 | 31st March 2019 |
|----------------------------------|-----------------|
| Cash and cash equivalents | |
| (as per Cash Flow Statement) | |
| Balances with banks | |
| - In current account | 40.85 |
| - Cheques on hand | - |
| Cash in hand | 2.24 |
| Total | 43.09 |

| 21 | 31st March 2019 |
|--|-----------------|
| Other Financial assets | |
| Loans and advances unsecured and considered good | 221.40 |
| -Advance Income tax | 184.61 |
| Total | 406.01 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| Note No. | Particulars | 31st March 2019 | |
|--------------|--|--------------------|---------------|
| 22(a) | Share Capital | | |
| | Authorised Share capital Equity Shares of Rs.5 each | 5,00,00,000 | 2,500.00 |
| | Issued Share Capital Equity Shares of Rs.5 each | 2,25,26,052 | 1,126.30 |
| | Subscribed Share Capital Equity Shares of Rs.5 each | 2,22,46,052 | 1,112.30 |
| | Fully Paid up Share Capital Equity Shares of Rs.5 each | 1,91,10,885 | 955.54 |
| | Equity shares issued during the year Equity Shares of Rs.5 each | - | - |
| | Total | 1,91,10,885 | 955.54 |

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

| Note No. | Particulars | 31st March 2019 | |
|------------|------------------------------------|--------------------|---------------|
| (a) | Equity Shares | | |
| | At the beginning of the year | 1,91,10,885 | 955.54 |
| | issued during the year | - | - |
| | outstanding at the end of the year | 1,91,10,885 | 955.54 |

(b) Rights, Preferences and restrictions attached to equity shares

Each shareholder is entitled to one vote per share and dividend when declared. Other rights are governed by the Articles of Association of the Company and the Companies Act 2013.

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

| | 31st March 2019 | |
|-------------------------------------|-----------------|------------------|
| | Percentage | No. of Shares |
| Equity Shares | | |
| Mr. Pradip D Kothari | 17.09% | 32,66,288 |
| Life Insurance corporation of India | 7.70% | 14,71,629 |
| Mr. A. Sahabudeen | 5.91% | 11,29,793 |
| Total | | 58,67,710 |

22.1 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 share of Rs 5/-each aggregating to Rs 331.35 laksh to promoters and associates on 31st March 2016.

The face value of equity shares was reduced from Rs. 10/- per share to Rs. 5/- per share pursuant to the order dated 31st August, 2010 from the Madras High Court with effect from that date.

Rs. in lakhs

| | | |
|---------|---|------------------------|
| 23 | | 31st March 2019 |
| | Reserves and Surplus | |
| | Capital Reserves | 65.85 |
| | Capital Redemption Reserves | 18.00 |
| | Retained Earnings | |
| | Debenture Redemption Reserves | - |
| | Revaluation Reserves | 4,730.77 |
| Deficit | (4,460.46) | |
| | Total | 354.16 |
| 23.1 | | 31st March 2019 |
| | Capital Reserves | |
| | Balance at the beginning of the year | 65.85 |
| | Balance as at the end of the year | - |
| | Total | 65.85 |
| 23.2 | | 31st March 2019 |
| | Capital Redemption Reserves | |
| | Balance at the beginning of the year | 18.00 |
| | Balance as at the end of the year | 18.00 |
| 23.3 | | 31st March 2019 |
| | Revaluation Reserves | |
| | Balance at the beginning of the year | 4,730.77 |
| | Add: Transition adjustments | - |
| | Less : Appropriations | |
| | Balance as at the end of the year | 4,730.77 |
| 23.4 | | 31st March 2019 |
| | Deficit: | |
| | Balance at the beginning of the year | (4,576.33) |
| | ADD : transfer from revaluation reserve | - |
| | Profit/(Loss) for the year | 115.87 |
| | Less : Depreciation of prior year 2016 & 17 | - |
| | Deficit as at the end of the year | (4,460.46) |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 24. | | 31st March 2019 |
|-----|-------------------------------|-----------------|
| | Non Current Borrowings | |
| | Secured | |
| | Term Loans | |
| | - From Banks | - |
| | - From Others | 1,294.70 |
| | Total | 1,294.70 |

Secured by a charge on Company's share of 4 floors in Kothari Buildings alongwith the undivided share of land.

| 25. | | 31st March 2019 |
|-----|-------------------------------|-----------------|
| | Provisions | |
| | Non Current - Due to Gratuity | 21.30 |
| | Total | 21.30 |

| 26. | | 31st March 2019 |
|-----|--|-----------------|
| | Trade Payables | |
| | Total outstanding dues of micro and small enterprises | - |
| | Total outstanding dues of creditors other than micro and small enterprises | 1,138.82 |
| | Total | 1,138.82 |

| 27. | | 31st March 2019 |
|-----|--|-----------------|
| | Other Other Financial Liabilities | |
| | Current maturities of long term debt | - |
| | Interest accrued and due on borrowings | 23.30 |
| | Unclaimed Dividends | 6.98 |
| | Rent Deposit | 152.60 |
| | Statutory dues including PF and TDS | 182.07 |
| | Salaries & Wages Payable | 102.46 |
| | Others * | 3,840.41 |
| | Total | 4,307.82 |

* Includes advance of Rs. 2001.91 Lakhs towards future sale of building

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

| 28. | | 31st March 2019 |
|-----|----------------------------------|-----------------|
| | Other Current Liabilities | |
| | Due to Holding Company | - |
| | Due to Related Party | 12.03 |
| | Others | 0.35 |
| | Total | 12.38 |

| 29. | | 31st March 2019 |
|-----|---------------------------|-----------------|
| | Provisions | |
| | Current - Due to Gratuity | 82.46 |
| | Total | 82.46 |

Rs. in lakhs

| 30. | 31st March 2019 |
|--|--|
| <p>Contingent liabilities and commitments (to the extent not provided for)</p> <p>Contingent liabilities</p> <p>Claims against the company not acknowledged as debt</p> <p>- 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)</p> <p>- Others(Exclusive of Interest)</p> <p>Guarantees</p> <p>Other money for which the company is contingently liable</p> <p>- Differential Customs Duty on Import machinery Availed under export obligation scheme</p> <p>1. Pursuant to an arbitration award dated 30.09.2017 relating to additional electricity dues of Caustic Soda plant sold by the Company in the year 1986 . together with interest at 6% p.a.</p> <p>The Company has challenged the award before the Madras High Court by paying 60 Lacs as Court Deposit. Pending disposal of the case by the High Court.</p> | <p>7.00</p> <p>84.07</p> <p>231.37</p> |
| Total | 322.44 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 31. | | 31st March 2019 |
|-----|---|-----------------|
| | Revenue from Operations (for companies other than a finance company) | |
| | Revenue from - Sale of Fertilisers (Refer Note (i) and (ii)) | 1,601.42 |
| | Other operating revenue (Refer Note (iii)) | 232.84 |
| | Total | 1,834.26 |

Note :- (i) Includes Revenue from Contracts with Customers

Note :- (ii) Previous year - includes excise duty of Rs. 0.07 Lakhs upto 30th June 2017

Current year Nil due to implementation of GST with effect from 1st July 2017

Note :- (iii) Operating revenue includes Lease Rental Income

| 31.1 | | 31st March 2019 |
|------|---------------------------------------|-----------------|
| | (i) Details of Sales (Finished goods) | |
| | - NPK Mixtures | - |
| | (ii) Details of Sales (Traded goods) | |
| | - Agro Products | 166.21 |
| | - Micro & Bio Products | 78.82 |
| | - ST. Fertilisers | 140.49 |
| | - NPK Mixtures | 588.26 |
| | - Pesticides | 9.96 |
| | - Packing Materials | - |
| | - W.S.Fertilizers | 617.68 |
| | Total | 1,601.42 |

| 32. | | 31st March 2019 |
|-----|----------------------|-----------------|
| | Other Income | |
| | Interest on Deposits | - |
| | Royalty Receipts | 5.95 |
| | miscellaneous income | 7.70 |
| | - Other Income | 79.02 |
| | Total | 92.67 |

| 33. | | 31st March 2019 |
|-----|---|-----------------|
| | Cost of Materials consumed | |
| | Raw materials consumed | - |
| | Opening stock | - |
| | Add: Purchases (Net) | 9.37 |
| | Less: Inventory at the end of the year | - |
| | Cost of Materials consumed during the year | 9.37 |
| | Total | 9.37 |

v

Rs. in lakhs

| 34. | | 31st March 2019 |
|-----|--|-----------------|
| | Changes in inventory of finished goods and Work in progress | |
| | (Increase)/decrease in stock | |
| | Stock at the end of the year: | |
| | Finished goods | 92.78 |
| | Land held as stock-in-Trade | 51.93 |
| | Less:- | |
| | Total A | 144.71 |
| | Stock at the beginning of the year: | |
| | Finished goods | 170.84 |
| | Land converted into Stock-in-Trade on 1st April 2007 | 160.27 |
| | Add: Land Converted into Stock-in-Trade | 414.78 |
| | Less: Transferred on Sale of Land | (523.12) |
| | Total B | 222.77 |
| | Total | 78.05 |

| 35. | | 31st March 2019 |
|-----|------------------------------------|-----------------|
| | Employee Expense | |
| | Salaries and wages | 141.53 |
| | Gratuity(Refer Note:40) | 14.13 |
| | Contribution to PF | 15.01 |
| | Workmen and Staff welfare expenses | 4.87 |
| | Total | 175.54 |

| 36. | | 31st March 2019 |
|-----|-----------------------|-----------------|
| | Finance Costs | |
| | Interest | 0.56 |
| | Other borrowing costs | - |
| | Total | 0.56 |

Kothari Industrial Corporation Limited

Rs. in lakhs

| 37. | | 31st March 2019 |
|-----|---|-----------------|
| | Other Expenses | |
| | Consumption of stores and Packing Materials | 12.00 |
| | Power and fuel | 10.21 |
| | Rent | 46.78 |
| | Audit Fees | |
| | - Statutory Audit | 3.05 |
| | - Tax Audit | 0.20 |
| | Repairs to buildings | 10.51 |
| | Repairs Office and Others | 0.82 |
| | Repairs others | 9.73 |
| | Director Sitting Fee | 0.22 |
| | Insurance | 1.21 |
| | Rates & Taxes | 0.89 |
| | Travelling expenses | 78.80 |
| | Legal charges | 2.05 |
| | Telephone expenses | 6.05 |
| | Printing & Stationery | 5.41 |
| | Professional Charges | 57.14 |
| | Selling Expenses | 153.06 |
| | Loss on Sale of Asset | - |
| | Foreign Exchange Loss | 22.88 |
| | Office Maintenance | 24.73 |
| | Provision for diminution in the value of Investment | - |
| | Annual Listing Fee | 11.91 |
| | Other Manufacturing expenses | 17.36 |
| | Provision for doubtful debts | 65.18 |
| | Other Expenses | 81.14 |
| | Total | 621.33 |

| 38. | | 31st March 2019 |
|-----|---|-----------------|
| | Exceptional Items | |
| | Expenses | - |
| | Provisions and Credit balances written back | (281.51) |
| | Total | (281.51) |

Exceptional items comprise of-

The company in an earlier years had borrowed Rs.2.51 crores from a private company against proposed sale of company's property in Nilgiris. In the said state, the company had in earlier years acquired company's plantation unit in Nilgiris and another estate in Anaimalais. There has been certain legal disputes arising from claims by the Company and counter claims by the company. The company had obtained a legal opinion that pending resolution of the dispute by adjudication, the said liability is not to be acknowledged and accordingly the amount has been extinguished from the books and the liability, if any, will be accounted on resolution of this matter.

39. Employee benefit obligations

| | <u>Rs. In Lakhs</u> |
|--------------|-----------------------|
| | <u>Gratuity</u> |
| | <u>March 31, 2019</u> |
| Current | 82.46 |
| Non Current | 21.30 |
| Total | 103.76 |

Other long-term employee benefits

Compensated absences

There is no scheme for encashment of earned leave .

Post employment benefits

(a) Defined contribution plan - Provident fund and Superannuation fund

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The Obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Amount recognised in the statement of profit and Loss

| | <u>Rs. In Lakhs</u> |
|----------------|-----------------------|
| | <u>March 31, 2019</u> |
| Provident Fund | 12.52 |

(b) Defined benefit plan - Gratuity

The Company provides for Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied by the number of years of service.

| (i) Reconciliation | Rs. In Lakhs |
|--|---------------------|
| Opening Defined benefit obligation as on April 1, 2018 | 144.99 |
| Transfer in/(out) obligation | - |
| Current service cost | 3.79 |
| Interest Cost | 10.34 |
| Total amount recognised in profit or loss | 14.13 |
| Components of actuarial gain/losses on obligation: | |
| Due to Change in financial assumptions | 0.28 |
| Due to Change in demographic assumption | - |
| Due to experience adjustments | (55.05) |
| Total amount recognised in other comprehensive income | (55.05) |
| Past service cost | - |
| Loss (gain) on curtailments | - |
| Liabilities assumed in an amalgamation in the nature of purchase | - |
| Exchange differences on foreign plans | - |
| Benefits paid | (0.59) |
| Closing Defined benefit obligation as on March 31, 2019 | 103.76 |

Expected Company contribution for the next year

Kothari Industrial Corporation Limited

Rs. in lakhs

(ii) Significant actuarial assumptions:

The significant actuarial assumptions were as follows:

31-Mar-19

| | |
|--------------------|---|
| Discount Rate | 7.15% |
| Salary Growth Rate | 7.00% |
| Withdrawal Rates | 15% at younger ages reducing to 3% at older ages |

The average outstanding term of the obligations (years) as at valuation date is 4.74 years.

(iii) Sensitivity to key assumptions

| | |
|--------------------|--------|
| Discount rate | -0.67% |
| | 0.70% |
| Salary growth rate | 0.70% |
| | -0.67% |

The above Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

| | | |
|-----|---|------------------------|
| 40. | Earnings / (Loss) per share - calculation of weighted average number of Equity Shares of Rs.5/- each. | |
| | | 31st March 2019 |
| | Net Profit / (Loss) attributable to Shareholders | 61.11 |
| | Number of shares of Rs.5/- each | 1,91,10,885 |
| | Basic & Diluted Earnings(in Rupees) per Share | 0.32 |

41. Related Parties Disclosure:

(i) Name of the Key Management Personnel:

Mr. Rafiq Ahmed - Managing Director
 No remuneration was paid to Managing Director during the year
 Mr. V. Singaravel - Chief Financial Officer
 Mr. Anil Kumar Padhiali - Company Secretary

(a) Related parties under Ind AS 24 with whom transactions have taken place during the year:

| | |
|---|------------|
| Gemini Fertilizers | Proprietor |
| Parveen Roadways Private Limited | Director |
| Gemini Legal Consultants Private Limited | Director |
| Gemini Iron and Steel Private Limited | Director |
| Top guard International Security Force Private Limited | Director |
| Kothari Marine International Limited (Subsidiary Company) | Director |
| Gemini Karma International Services Private Limited (The spouse of Managing Director is a Director in the Company) | |
| Parveen Roadways | Proprietor |
| Parveen Rolling Company | Proprietor |

| Transactions with related parties during the year along with balances as at year end: | Enterprise having significant influence |
|---|---|
| Nature of Transaction | 31.03.2019 Amount (Rs. in lakhs) |
| a) Transaction during the year | |
| <u>Purchase of Raw Materials & finished goods</u> | |
| Gemini Fertilizers | 465.99 |
| <u>Royalty Income</u> | |
| Gemini Fertilizers | 5.95 |
| <u>Lease Rental Income</u> | |
| Gemini Fertilizers | 12.00 |
| Gemini Legal Consultants Private Limited | 4.54 |
| Top guard International Security Force Private Limited | 0.86 |
| Gemin Karma International Services Private Limited | 39.81 |
| <u>Service Income</u> | |
| Gemini Fertilizers | 64.50 |
| Gemin Karma International Services Private Limited | 7.38 |
| <u>Service Charges</u> | |
| Top guard International Security Force Private Limited | 3.50 |
| <u>Consultancy charges</u> | |
| Gemini Legal Consultants Private Limited | - |
| <u>Trade Receivables</u> | |
| Gemini Legal Consultants Private Limited | 23.51 |
| <u>Trade Payables</u> | |
| Gemini Fertilizers | 170.37 |
| Top Guard International Security Force Private Limited | 0.73 |
| <u>Loan</u> | |
| Parveen Roadways Private Limited | 844.70 |
| <u>Advance payable</u> | |
| Parveen Roadways Private Limited | 24.35 |
| Gemini Fertilizers | 100.97 |
| Parveen Roadways | 21.08 |
| Parveen Rolling Company | 1.50 |
| <u>Advance Received towards building</u> | |
| Gemini Iron and Steel Private Limited | 2,001.91 |
| <u>Recoverable</u> | |
| Gemini Iron and Steel Private Limited | 442.03 |
| Gemin Karma International Services Private Limited | 82.69 |

Kothari Industrial Corporation Limited

42. Segment Information

- 42.1 The Directors of the Company have been identified as the Chief Operating Decision Makers (CODM) as
- 42.2 The business operation are restricted in India. The Company operates in India and foreign markets. The Company has opted to disclose segment information using quantitative threshold as per the Ind AS 108.

| | | Rs. in lakhs |
|-----------|--|-------------------------|
| Sl. No. | PARTICULARS | Twelve Months Ended |
| | | 31.03.2019 (Audited) |
| 1. | Segment Revenue (Net Sales/Income from Operations) | |
| | a. Fertilizer | 1,601.42 |
| | b. Rental from Property | 232.84 |
| | Total | 1,834.26 |
| | Less: Inter Segment revenue | |
| | Net Sales / Income from Operations | 1,834.26 |
| 2. | Segment Results (Profit before Tax and Interest) | |
| | a. Fertilizer | (253.33) |
| | b. Rental from Property | 222.33 |
| | Total | (31.00) |
| | Less: | |
| | (i) Unallocated Interest and finance charges | 0.56 |
| | (ii) Other unallocable expenditure net of unallocable Income | 92.67 |
| | Profit before tax | 61.11 |
| 3. | Segment Assets | |
| | a. Fertilizer | 580.48 |
| | b. Rental from Property | 113.08 |
| | Unallocated | 7,473.62 |
| | Total | 8,167.18 |
| 4. | Segment Liability | |
| | a. Fertilizer | 1,826.14 |
| | b. Lease Rent on property and others | 137.52 |
| | Unallocated | 4,893.82 |
| | Total | 6,857.48 |
| 5. | Capital Employed (3-4) Total Capital Employed | 1,309.70 |

43. Fair Value Measurements

(a) Financial instrument by category and hierarchy

| Particulars | Hierarchy | Notes | 31st March 2019 | | |
|--|-----------|-------|-----------------|------|----------------|
| | | | FVPL | FOCI | Amortized cost |
| Financial assets | | | | | |
| (i) Financial assets held at amortized cost | | | | | |
| Trade receivables | 1 | 19 | | | 499.94 |
| Cash and cash equivalents | 1 | 20 | | | 43.09 |
| Other financial assets | 1 | 21 | | | 406.01 |
| Financial liabilities | | | | | |
| (i) Financial liabilities held at amortized cost | | | | | |
| Borrowings | 1 | 0 | | | - |
| Trade payables | 1 | 26 | | | 1,138.82 |
| Other Financial liabilities | 1 | 27 | | | 4,307.82 |

Hierarchy

level 1: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 1. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 1.

Fair value of financial assets and liabilities measured at amortised cost.

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities (current) are considered to be the same as their fair values, due to their short-term nature and categorized as Level 1 hierarchy.

Kothari Industrial Corporation Limited

44. Financial risk Management

The Company has at present no outside credit facilities. The working capital and other financial needs are funded periodically by the Vice Chairman and Managing Director and hence the risk is not borne by the Company. As regards trading operation a close monitoring procedure is in place and marketing field team ensures recovery of receivables and no significant bad or doubtful debts are likely to occur in the future.

The Financial risk in regards to manufacture of fertilizer is to the account of the lessee including overseas credit and settlement thereof.

45. Consolidation method adopted

(d) These Consolidated Financial Statements (CFS) are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under section 133 of the Companies Act, 2013.

| Name of the Subsidiary Company | 31.3.2019 |
|---------------------------------------|-----------------------|
| | % of Ownership |
| Kothari Marine International Limited | 99.99% |

| Balance Sheet | Rs. in lakhs |
|--|---------------------|
| Non Current Assets | 0.17 |
| Current Assets | 22.31 |
| Total Assets | 22.48 |
| Non Current Liabilities | - |
| Current Liabilities | 12.48 |
| Total Liabilities | 12.48 |
| Total Equity | 10.00 |
| Profit and Loss | |
| Profit for the year | - |
| Other Comprehensive Income | - |
| Total Comprehensive Income | - |
| Summarised Cash Flow | |
| Cash flow from Operating activities | 0.27 |
| Cash flow from Investing activities | (0.17) |
| Cash flow from Financing activities | 10.00 |
| Net Increase in Cash and Cash Equivalents | 10.10 |

3. Pursuant to the approval of shareholders at the Extra-ordinary General Meeting(EGM) held on 26th February 2019, the company has transferred two floors in Kothari Buildings belong to the company, to a company who is the related party. Further, the balance two floors in Kothari Building belong to the company has to be transferred to a Financial Creditor. The above transaction would get reflected in the accounts of the coming year
4. 4.(a) The Company has invested Rs.9,99,940/- comprising of 9,994 shares of Rs.10/- each in its subsidiary Kothari Marine International Limited representing 99.99% of the share capital of the subsidiary. (b) The subsidiary was incorporated only on 13th July 2018. Hence, Comparative figures are consolidated in the accounts of the company. (c) The accounts of the subsidiary as certified by its statutory auditors have been consolidated accounts of the company.
5. The Proceedings initiated by collector of Nilgiris for repossession of certain plots of land in Coonoor for public use has been challenged by the Company on a writ petition filed before Madras High Court. The matter is pending Adjudication.
6. Pursuant to an arbitration award dated 30.9.2017 relating to additional electricity dues of Caustic Soda plant sold by the Company in the year 1986 is amounting to Rs. 2.31 Crores together with interest at 6% p.a. The Company has challenged the award before the Madras High Court which is pending adjudication.
7. Exceptional Item represents -

The company in an earlier years had borrowed Rs.2.51 crores from a private company against proposed sale of company's property in Nilgiris. In the said state, the company had in earlier years acquired company's plantation unit in Nilgiris and another estate in Anaimalais. There has been certain legal disputes arising from claims by the Company and counter claims by the company. The company had obtained a legal opinion that pending resolution of the dispute by adjudication, the said liability is not to be acknowledged and accordingly the amount has been extinguished from the books and the liability, if any, will be accounted on resolution of this matter.
8. On a critical appraisal of trade receivables relating to earlier years, a provision of Rs.65.18 Lakhs (included in Other Expenses) has been made as a matter of prudence, while efforts have been taken for legal recovery from the outstanding dealers in the states of Karnataka, Kerala & Andhra. However, steps are being made to recover the outstanding including through legal process.
9. The company's assessment for the accounting years 2003-04 to 2010-11 are under appeal before the Commissioner of Income Tax (appeals). In the unlikely event of, the appeals being disposed of against the company, there would be no tax demand in view of the accumulated losses.

Kothari Industrial Corporation Limited

10. With regard to various pending legal claims which are under adjudication / and /or negotiation, the management does not anticipate any significant cash outflow and any possible claim is not quantifiable at present and accordingly no provision has been made in the accounts.
11. As per the records and information available with the company there are no amounts outstanding as on 31st March 2019 payable to :
- (i) Small Scale Industries
 - (ii) Micro, Small and Medium Enterprises
12. Following the assignment of dues from Kotak Mahindra Bank and settling the dues in full and Assignee namely Parveen Roadways Private Limited has made a contingent claim on the company of Rs.5215 Lakhs being the debt originally indicated as in the Assignment Deed.
- 13 In accordance with Accounting Standard 22 - "Taxes on Income", Deferred tax Asset is not recognised as a matter of prudence.
- 14 The previous periods have been regrouped reclassified wherever necessary.

As per our Report of even date

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

**A. Nagarajan
Partner
Membership No.020680
Place: Chennai
Date : 30.05.2019**

For and on behalf of the Board

**Pradip D Kothari
Chairman**

**Anil Kumar Padhiali
Company Secretary**

**J. Rafiq Ahmed
Vice Chairman &
Managing Director**

**V. Singaravel
Chief Financial Officer**

INTENTIONALLY LEFT BLANK

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:enquiries@kotharis.in website: www.kotharis.in

ATTENDANCE SLIP - 49TH Annual General Meeting – 30TH SEPTEMBER 2019

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

Name of the Member Signature.....

I/We hereby record my/our presence at the 49TH Annual General Meeting of the company to be held on Monday, 30th September 2019 at 10.30 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 49th Annual General Meeting of the company, be held on Monday the 30th September 2019 at 10.30 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:

| Resolution No. | Resolutions |
|----------------|--|
| | Ordinary Business / Ordinary Resolution |
| 1. | To consider and adopt: (a) The Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of Board of Directors and Auditors thereon. (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 and the Report of Auditors thereon. |
| 2. | To appoint a Director in the place of Mr.Pradip D Kothari (DIN: 01315682), who retires by rotation and being eligible, offers himself for re-appointment. |
| | Special Business / Special Resolution |
| 3. | To Re-appoint of Mr.Dilip Machado Machado (DIN: 06898289) as an Independent Director of the company |
| | Special Business / Ordinary Resolution |
| 4. | To approve Related Party Transactions |

Signed thisday of September 2019.

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.

Affix
Re.1/-
Revenue
Stamp

ROUTE MAP

