

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Mr. Pradip D. Kothari
Chairman & Managing Director

Mr. K. Santhanam

Mr. Chetan Vijay Pagariya

Dr. Easo John

COMPANY SECRETARY

Mr. G. Mohan Das

AUDITORS

M/s. B.B. NAIDU & CO
Chartered Accountants
Chennai

REGISTERED OFFICE:

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

FACTORY:

Super Phosphate Factory,
Ennore,
Chennai - 600 057.



KOTHARI INDUSTRIAL CORPORATION LIMITED

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

NOTICE TO MEMBERS

NOTICE is hereby given that the **41st Annual General Meeting** of the Company will be held at **10.15 A.M. on Wednesday the 21st September, 2011 at Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006** to transact the following business:

The Agenda for the Meeting will be as follows:

ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2011 and the Balance Sheet as at that date along with the Auditors' Report and the Directors' Report circulated to the members be and are hereby adopted."

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

"RESOLVED THAT Dr.Easo John who retires at the ensuing Annual General Meeting be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Messrs.B.B.Naidu & Co., Chartered Accountants, Chennai, the retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company in addition to traveling and other out of pocket expenses."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr.Pradip D. Kothari be and is hereby re-appointed as Managing Director of the Company Without Remuneration for a period of five years from 22.10.2010."

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai

Date : 27.05.2011

**G.MOHAN DAS
COMPANY SECRETARY**

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

Note:-

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 29th August, 2011 to Wednesday the 31st August, 2011(both days inclusive).
2. (a) Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System.
(b) M/s.Integrated Enterprises (India) Limited, Chennai-600 017 are the Registrars & Share Transfer Agents for dealing with electronic form of equity shares of the Company. The ISIN Code allotted to the Company is INE972A01012.

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

Certificates to enable the Company to consolidate their holdings into one folio.

PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

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

Name of the Managing Director	Mr.Pradip D. Kothari
Date of First Appointment	28.04.1972
Qualifications	B.A.
Expertise	Industrialist
Directorships in other companies	Nil
Membership / Chairman in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	1366288

ANNEXURE TO THE NOTICE

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

SPECIAL BUSINESS

In respect of Item No.4:

Mr.Pradip D. Kothari was appointed as Managing Director of the Company 'Without Remuneration' at the 36th Annual General Meeting of the Company held on 26.04.2008 for a period of five years effective 22.10.2005. His term of office expired on 21.10.2010. The Board of Directors at the meeting held on 22.11.2010 have re-appointed him as Managing Director of the Company Without Remuneration effective 22.10.2010 for a further period of five years.

Except Mr.Pradip D. Kothari, none of the other Directors are interested in regard to this resolution.

REPORT OF THE DIRECTORS

Your Directors present herewith the Forty First Annual Report on the performance of the Company along with the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2011.

The Financial Results are as follows:

	2010 - 11	2009 - 10
	(Rs.in Lacs)	
Turnover/Income from Services	10777.03	5625.10
Profit before Interest and Depreciation	935.31	14.28
Interest and Finance Charges	181.56	67.87
Profit before Depreciation	753.75	(53.59)
Exceptional items	(1033.86)	(39.97)
Profit/(Loss) before Depreciation	(280.11)	(93.56)
Depreciation	(35.93)	(15.92)
Taxation	-	(211.74)
Loss for the year	(316.04)	(321.22)
Balance Loss brought forward from the previous year	(3474.16)	(3152.94)
Reduction of Share Capital & Premium thereon	1488.72	-
Loss carried to Balance Sheet	(2301.48)	(3474.16)

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31st March, 2011.

OPERATIONS:

The Turnover of Single Super Phosphate, NPK mixtures, Straight fertilizers and trading in pesticides was Rs.9591.98 Lakhs as compared to Rs.5214.00 Lakhs in the previous year. The Company produced 42019 MT of Single Super Phosphate during the year under review at its plant in Ennore near Chennai.

FUTURE PROSPECTS:

The Company has signed a contract with a large manufacturer of Agro Chemicals for marketing a range of herbicides, insecticides and fungicides under specific brand names and by leveraging the "Kotharis" and "Horse Brand". This would foray our entry into the Agro Chemicals Industry arena.

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

CORPORATE GOVERNANCE:

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

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

DEPOSITS:

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

DIRECTORS:

Dr.Easo John, Director retires by rotation and is eligible for reappointment.

Mr.Pradip D. Kothari was reappointed as the Managing Director of the Company without any remuneration on 22.10.2010. This item is included in the agenda of the forthcoming Annual General Meeting.

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- They have selected such accounting policies and applied them consistently and made judgements

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and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.

c) To the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) They have prepared the annual accounts on a going concern basis.

AUDITORS:

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

PARTICULARS OF EMPLOYEES:

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

RESEARCH & DEVELOPMENT:

During the year under review the Company has spent Rs.0.41 lakhs towards upgradation of in-house Research & Development wing at the Super Phosphate factory situated at Ennore near Chennai.

ACKNOWLEDGEMENT:

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

On behalf of the Board of Directors

Place: Chennai
Date: 27.05.2011

Pradip D. Kothari
Chairman &
Managing Director

ANNEXURE – A

CONSERVATION OF ENERGY

FORM – A

Form for disclosure of particulars with respect to conservation of Energy

A. Power and Fuel Oil consumption Current Year 2010-11

(1) Electricity

a. Purchased power		
Units	:	937442
Variable cost (Rs.in lakhs)	:	-
Total cost (Rs. in lakhs)	:	56.90
Rate/Unit (Rs.)	:	4.00
Units charges (Rs./Unit)	:	4.00
Demand charges (Rs. / KVA)	:	300.00
b. Own generation	:	-

(2) Coal : -

(3) Furnace oil/LSHS : -

(4) Diesel (in Litres) : 1560

(5) Windfarm : -

B. Consumption per unit (MT) of production

Product	:	Single Super Phosphate
Production	:	42019 MT
Electricity consumed	:	937442 units
Consumption Per unit (MT) of production	:	Rs.22.31

FORM – B

Form of disclosure of particulars with
respect to absorption

: -

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign Exchange earned : Nil

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ANNEXURE- B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Our Company's products being branded ones enjoy a market especially in the southern parts of India. The Company recorded a turn over of Rs.9591.98 lakhs against the previous year turn over of Rs.5214.00 lakhs, thereby registering a growth of 83.97% during the year under review.

Your Company continues to exercise good control over all costs on direct or indirect with a aim to register profits for the Company.

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

OUTLOOK

The current year looks promising with an above normal monsoon predicted and with limited availability of competing products. The imports of DAP – Di Ammonium Phosphate has been hampered in the first quarter of the year due to non finalization of contracts. The higher prices of DAP and other sources of phosphate from complex

Fertilizers coupled with limited availability of these products will augur well for the SSP Industry. This has been reflected in a substantial increase of over 30% in the overall consumption figures of SSP released by GOI.

Your Company with its strong Brand Presence and well established network of dealers hopes to take full advantage of the above factors. We have also set in place a dealer re engineering process which entails expansion of our dealer base in existing and new markets.

ANNEXURE – C

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy:

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

2. Code of Conduct:

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

3. Board of Directors:

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

None of the Directors of the Company is a member of more than 10 Committees

and Chairman of more than 5 Committees(as specified in clause 49(1)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All the Directors have certified that none of them are disqualified as on 31st March 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of 274 of the Companies Act, 1956.

The non executive Directors are entitled to sitting fees for every meeting of the Board attended by them. The Chairman & Managing Director has been re-appointed without remuneration.

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2011 are given below:

Name of the Director	Number of other Companies Directorship	Number of other Companies Committees of which member	Number of shares of the Company held as on 31.03.2011
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	1366288
Shri.K.Santhanam Director	1	Nil	Nil
Shri.Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr.Easo John Director	Nil	Nil	Nil

4. Audit Committee:

The Audit Committee presently consists of three non-executive Independent Directors i.e., Mr.K.Santhanam, Mr.Chetan Vijay Pagariya and Dr.Easo John. Mr.K.Santhanam is the Chairman of the Audit Committee. The Chairman & Managing Director, Internal Auditor, Statutory Auditor and the Company Secretary are invitees to the Audit Committee Meetings. The terms of reference of the Audit Committee cover the matters specified in respect of such Committee under Clause 49 of the Listing Agreement as amended from time to time and Section 292A

of the Companies Act, 1956. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors and discuss their findings, the scope of audit, audit qualifications, if any, reviewing related party transactions, compliance with the listing agreements and other legal requirements and the Company's financial and risk management policies and compliance with

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statutory requirements. A Chartered Accountant firm have been appointed as the Internal Auditors of the Company. They report directly to the Audit Committee of the Board with respect to the areas covered by them.

Chennai, on the authorization given by the Board to the extent the shares are in the demat form. With respect to the shares held in physical form, the Company's Share Department undertakes the activities of share transfers etc.

5. Share Transfer Committee:

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

6. Shareholders' Grievance Committee:

The Board of Directors have constituted a Shareholders' Grievance Committee to address to the redressal of the investors complaints received by the Company / Registrar and Transfer Agents. The Committee consists of one Executive Director and two non-executive Independent Directors namely, Mr.Pradip D. Kothari, Mr.K.Santhanam and Mr.Chetan Vijay Pagariya respectively. Mr.G.Mohan Das is the Member Secretary/Compliance Officer. During the year 39 complaints were received from the investors and all of them were dealt with satisfactorily.

7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31st March, 2011 are given below:

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

Note: 4 Board Meetings were held during the year on 23.06.10, 24.08.10, 22.11.10 & 14.02.11, 4 Audit Committee Meetings were held during the year on 23.06.10, 23.08.10, 22.11.10 & 14.02.11, 12 Share Transfer Committee Meetings were held during the year on 26.04.10, 21.05.10, 31.05.10, 30.06.10, 28.07.10, 26.08.10, 23.09.10, 26.10.10, 26.11.10, 20.12.10, 27.01.11 & 25.02.11 and 4 Shareholders' Grievance Committee Meetings were held on 30.06.10, 30.09.10, 31.12.10 & 31.03.11.

8. Disclosures:

- There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.
- There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any

penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

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

9. Means of Communication:

As stipulated under Clause 41 of the Listing Agreement the quarterly / half-yearly results will be published by the Company in one English national newspaper and one Tamil newspaper within 48 hours of the conclusion of the Board Meeting in which the results are approved. They will also be displayed at the proposed website of the Company.

10. General Shareholder Information:

- (i) The Forty-first Annual General Meeting of the Company will be held on 21st September, 2011 at Rani Seethai Hall, 603, Anna Salai, Chennai - 600006. The particulars of Annual General Meetings held during the last three years along with the special resolutions passed are as under:

Year	Date & Time	Venue	Special Resolutions considered thereof	Result
2007-08	24.09.2008 10.30 a.m.	Rani Seethai Hall 603, Anna Salai, Chennai – 600006.	Nil	-
2008-09	14.12.2009 03.30 p.m	-do-	(1) Special Resolution pursuant to consent of the members for rescinding of issue of 1,24,83,885 equity shares of Rs.5/- each on Rights basis to existing members in the ratio of one equity share of Rs.5/- each for every fully paid-up equity share of Rs.5/- each as approved at the EGM held on 12.02.2009. (2) Special Resolution pursuant to the provisions of Sec. 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, etc. for issue of 75,26,725 fully paid equity shares of the face value of Rs.5/- each aggregating to Rs.3,76,33,625/- to Promoters, Promoter Group / associates.	Passed Passed
2009-10	28.09.2010 11.00 a.m	Narada Gana Sabha 314, T.T.K Road, Chennai - 600 018	Nil	-

No resolution has been put through postal ballot.

No special resolution or ordinary resolution on matters requiring postal ballot are placed for approval of shareholders at the forthcoming 41st AGM to be held on 21st September, 2011.