

Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Mr.Pradip D. Kothari
Chairman & Managing Director

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

COMPANY SECRETARY

Mr. G. Mohan Das

AUDITORS

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

REGISTERED OFFICE:

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

FACTORY:

Super Phosphate Factory,
Ennore,
Chennai - 600 057.

SHARE TRANSFER AGENT:

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



KOTHARI INDUSTRIAL CORPORATION LIMITED

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

NOTICE TO MEMBERS

NOTICE is hereby given that the 42nd Annual General Meeting of the Company will be held at 10.15 A.M. on Wednesday the 26th September 2012 at Rani Seethai Hall, 603, Anna Salai, Chennai – 600006, to transact the following business:

ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Auditors' Report and the Directors' Report be and are hereby adopted."

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

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

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

"RESOLVED THAT Mr.Chetan Vijay Pagariya who retires at the ensuing Annual General Meeting be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

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

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

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

SPECIAL BUSINESS

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

"RESOLVED THAT Mrs.Surekha P Kothari be and is hereby appointed as a Director of the Company, liable to retire by rotation."

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai

Date : 29.05.2012

**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 3rd September 2012 to Tuesday the 4th September 2012(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.

Kothari Industrial Corporation Limited

(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.

3. Members are requested to notify the change of address, if any immediately to the Company.
4. Members with identical order of names who are holding shares in multiple folios are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings into one folio.

5. Green initiative in corporate governance

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to

register their e-mail address with the Company and changes therein from time to time.

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

6. Members/Proxies should bring Attendance Slip(duly completed) for attending the meeting as well as copy of the Annual Report.

ANNEXURE TO THE NOTICE

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

Name of the Director	Mr.K.Santhanam
Date of Appointment	06.07.2005
Qualifications	M.Com.
Expertise	Marketing
Directorships in other companies	Nil
Committee Membership	Chairman Audit Committee
Shareholding in Kothari Industrial Corporation Limited	Nil

Name of the Director	Mr.Chetan Vijay Pagariya
Date of Appointment	20.08.2008
Qualifications	B.Com., PGDC&A, ACA.
Expertise	Project, Financing & Taxation
Directorships in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	Nil

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

SPECIAL BUSINESS

In respect of Item No.5:

Mrs.Surekha P Kothari was appointed as an Additional Director of the Company with effect from 19.09.2011, Pursuant to Sec.260 of the Companies Act, 1956, Mrs.Surekha P Kothari holds office upto the date of the forthcoming Annual General Meeting. A notice under Sec.257 of the Companies Act, 1956 has been received from a Member, informing his intention to propose the appointment of Mrs.Surekha P Kothari as a Director of the Company. The Board of Directors recommend her appointment.

No other Director excepting Mr.Pradip D Kothari is interested in the resolution.

Brief particulars of Mrs.Surekha P Kothari is furnished below:

Name of the Director	Mrs.Surekha P Kothari
Date of Appointment	19.09.2011
Qualifications	M.A.
Directorships in other companies	Nil
Membership / Chairman in other companies	Nil
Committee Membership	Nil
Shareholding in Kothari Industrial Corporation Limited	111323

Kothari Industrial Corporation Limited

REPORT OF THE DIRECTORS

Your Directors present herewith the Forty Second 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, 2012.

The Financial Results are as follows:

	2011 - 12 (Rs.in Lacs)	2010 - 11
Turnover/Income from Services	11329.85	10775.89
Profit before Interest and Depreciation	430.96	926.18
Interest and Finance Charges	292.76	180.77
Profit before Depreciation	138.20	745.41
Exceptional items	(51.33)	(1025.56)
Profit/(Loss) before Depreciation	86.87	(351.97)
Depreciation	(39.19)	(35.93)
Taxation	-	-
Profit/(Loss) for the year	47.68	(316.04)
Balance Loss brought forward from the previous year	(2301.48)	(3474.16)
Reduction of Share Capital & Premium thereon	-	1488.72
Loss carried to Balance Sheet	(2253.80)	(2301.48)

In view of the accumulated losses, the Directors are unable to recommend any dividend for the year ended 31st March, 2012.

OPERATIONS:

The Turnover of Single Super Phosphate, NPK mixtures, Straight fertilizers and trading in pesticides was Rs.11162.32 Lakhs as compared to Rs.9590.62 Lakhs in the previous year. The Company produced 49040 MT of Single Super Phosphate during the year under review.

FUTURE PROSPECTS:

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

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:

Mr.K.Santhanam & Mr.Chetan Vijay Pagariya, Directors retires by rotation and are eligible for reappointment. Mrs.Surekha P Kothari was co-opted as an Additional Director with effect from 19.09.2011 and she retires at the ensuing Annual General Meeting. It is proposed to appoint her as a Director at the ensuing Annual General Meeting.

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.

c) 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.2.16 lakhs towards upgradation of in-house Research & Development wing at its Super Phosphate factory.

ACKNOWLEDGEMENT:

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

On behalf of the Board of Directors

Place: Chennai
Date: 29.05.2012

Pradip D. Kothari
Chairman &
Managing Director

Kothari Industrial Corporation Limited

ANNEXURE – A

CONSERVATION OF ENERGY

FORM – A

Form for disclosure of particulars with respect to conservation of Energy

A. Power and Fuel Oil consumption		Current Year 2011-12
(1) Electricity		
a. Purchased power		
Units	:	926352
Variable cost (Rs.in lakhs)	:	-
Total cost (Rs. in lakhs)	:	57.30
Rate/Unit (Rs.)	:	4.00
Unit charges (Rs./Unit)	:	4.00
Demand charges (Rs. / KVA)	:	300.00
b. Own generation	:	-
(2) Coal	:	-
(3) Furnace oil/LSHS	:	-
(4) Diesel (in Litres)	:	2536
(5) Windfarm	:	-
B. Consumption per unit (MT) of production		
Product	:	Single Super Phosphate
Production	:	49040 MT
Electricity consumed	:	926352 units
Consumption Per unit (MT) of production	:	Rs.116.83

FORM – B

Form of disclosure of particulars with
respect to absorption

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FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign Exchange earned :

Nil

ANNEXURE- B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Our Company's products being branded ones enjoy a market especially in the southern states of India. The Company recorded a turn over of Rs.11329.85 lakhs against the previous year turn over of Rs.10777.03 lakhs, thereby registering a growth of 5.13% during the year under review.

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

OUTLOOK

All India capacity utilization of SSP has improved from 54% during the year 2010-11 to 60% during the year 2011-12. Your company achieved a capacity utilization of 61% in keeping with the trend in the industry. The share of SSP in total production of SSP and its consumption had been coming down in the last 5 decades, but has now started going up due to changes in Government Policy. However, compared to other countries like China, Brazil and Egypt, India consumes only 5.8% of its phosphate through SSP, leaving a great scope for improvement in the years to come.

Your company proposes to have a further product enhancement by setting up a granulation unit in its factory premises at Ennore and this will go on stream once the financial closure takes place.

However off-take of NPK Mixtures is expected to improve along with SSP, as these 2 products will continue to be the cheapest fertilizer among the farming community.

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

Kothari Industrial Corporation Limited

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/she is a Director. All the Directors have certified that none of them are disqualified as on

31st March 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of 274 of the Companies Act, 1956.

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

Directorship held by existing Directors and shares of the Company held by them as on 31st March, 2012 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 31.03.2012
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	1366288
Shri.K.Santhanam Director	Nil	Nil	Nil
Shri.Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr.Easo John Director	Nil	Nil	Nil
Mrs. Surekha P Kothari Director	Nil	Nil	111323

4. Audit Committee:

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

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

4 Audit Committee Meetings were held during the year on 27.05.2011, 12.08.2011, 10.11.2011 & 14.02.2012.

5. Share Transfer Committee:

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

9 Share Transfer Committee Meetings were held during the year on 11.04.2011, 09.06.2011, 04.07.2011, 05.08.2011, 28.08.2011, 13.10.2011, 24.11.2011, 09.01.2012 & 29.02.2012.

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

4 Shareholders' Grievance Committee Meetings were held on 30.06.2011, 30.09.2011, 02.01.2012 & 31.03.2012.

7. Attendance of Directors:

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended 31st March, 2012 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	5	Nil	12	Nil	Attended	Nil
Shri.K.Santhanam Director	5	4	12	4	Attended	50000
Shri.Chetan Vijay Pagariya Director	4	3	Nil	4	Attended	40000
Dr.Easo John Director	4	3	Nil	Nil	Attended	40000
Mrs.Surekha P Kothari Director	2	Nil	Nil	Nil	Attended	20000

Note: 5 Board Meetings were held during the year on 27.05.2011, 12.08.2011, 21.09.2011, 10.11.2011 & 14.02.2012.

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.