

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, Mahatma Gandhi Salai,
Nungambakkam,
Chennai – 600034.

FACTORY:

Super Phosphate Factory,
Ennore,
Chennai - 600 057.

SHARE TRANSFER AGENT:

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



KOTHARI INDUSTRIAL CORPORATION LIMITED

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

NOTICE TO MEMBERS

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

ORDINARY BUSINESS

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

"RESOLVED THAT the Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2013 and the Balance Sheet as at that date together with the Auditors' Report and the Directors' Report be and are hereby adopted."

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

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

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

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

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

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

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

(By Order of the Board)

For KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai
Date : 30.05.2013

G.MOHAN DAS
COMPANY SECRETARY

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

Note:-

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 3rd September 2013 to Thursday the 5th September 2013(both days inclusive).
2. (a) Members are also hereby informed that the equity shares of the Company are available for dematerialization/rematerialisation under the Depository System.
(b) M/s.Integrated Enterprises (India) Limited, Chennai-600 017 are the Registrars & Share Transfer Agents for dealing with electronic form of equity shares of the Company. The ISIN Code allotted to the Company is INE972A01020.

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

ANNEXURE TO THE NOTICE

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

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

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

Kothari Industrial Corporation Limited

REPORT OF THE DIRECTORS

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

The Financial Results are as follows:

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

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

OPERATIONS:

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

FUTURE PROSPECTS:

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

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

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

CORPORATE GOVERNANCE:

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

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

DEPOSITS:

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

DIRECTORS:

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

RESPONSIBILITY STATEMENT:

The Directors confirm that:-

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

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

AUDITORS:

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

PARTICULARS OF EMPLOYEES:

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

RESEARCH & DEVELOPMENT:

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

ACKNOWLEDGEMENT:

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

On behalf of the Board of Directors

Pradip D. Kothari
Chairman & Managing Director

Place: Chennai
Date: 30.05.2013

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ANNEXURE – A

CONSERVATION OF ENERGY

FORM – A

Form for disclosure of particulars with respect to conservation of Energy

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

(1) Electricity

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

b. Own generation	:	16760
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(2) Coal	:	Nil
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(3) Furnace Oil/LSHS	:	Nil
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(4) Diesel (for industrial lighting purpose)		
Quantity (KL)		11.045
Total Amount (Rs. In Lakhs)		515794
Average Rate (Rs./KL)		46699.32096

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

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

FORM – B

Form of disclosure of particulars with
respect to absorption

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FOREIGN EXCHANGE EARNINGS AND OUT GO

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

ANNEXURE- B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

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

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

INDUSTRY OUTLOOK

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

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

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

ANNEXURE – C

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy:

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

2. Code of Conduct:

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

3. Board of Directors:

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

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

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

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

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

Name of the Director	Number of other Companies Directorship	Number of other Companies Committees of which member	Number of shares of the Company held as on 31.03.2013
Shri.Pradip D. Kothari Chairman and Managing Director	Nil	Nil	1366288
Shri.K.Santhanam Director	Nil	Nil	Nil
Shri.Chetan Vijay Pagariya Director	Nil	Nil	Nil
Dr.Easo John Director	Nil	Nil	Nil
Mrs. Surekha P Kothari Director	Nil	Nil	111323

4. Audit Committee:

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

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

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

5. Share Transfer Committee:

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

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

6. Shareholders' Grievance Committee:

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

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

7. Attendance of Directors:

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

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

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

8. Disclosures:

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

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

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

9. Means of Communication:

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

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

10. General Shareholder Information:

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

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

No resolution has been put through postal ballot.

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

- (ii) **Book Closure dates:** Tuesday the 3rd September 2013 to Thursday the 5th September 2013 (both days inclusive).
- (iii) **Listing of Equity Shares:** The Company had already made an application with Bombay Stock Exchange for re-listing of its shares and said application is being processed. The matter is actively followed up.