

39th ANNUAL REPORT  
2008-09



KOTHARI INDUSTRIAL CORPORATION LIMITED

# **Kothari Industrial Corporation Limited**



## **BOARD OF DIRECTORS**

Mr. Pradip D. Kothari  
Chairman & Managing Director

Mr. T. Sankaran  
(upto 13.08.2009)

Mr. K. Santhanam

Mr. Chetan Vijay Pagariya  
(w.e.f. 20.08.2008)

Mr. Mukesh Lalwani  
(w.e.f. 20.08.2008)  
(upto 10.01.2009)

Dr. Easo John  
(w.e.f. 13.08.2009)

## **COMPANY SECRETARY**

Mr. G. Mohan Das

## **AUDITORS**

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

## **REGISTERED OFFICE:**

"Kothari Buildings"  
114, Mahatma Gandhi Salai  
Chennai – 600034



# KOTHARI INDUSTRIAL CORPORATION LIMITED

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

## NOTICE TO MEMBERS

NOTICE is hereby given that the 39th Annual General Meeting of the Company will be held as scheduled below :

Day & Date : Monday,  
the 14<sup>th</sup> December, 2009

Time : 3.30 p.m.

Place : RANI SEETHAI HALL  
603, Anna Salai  
Chennai – 600 006

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 31<sup>st</sup> March, 2009 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 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 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 travelling 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 Dr. Easo John be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT consent of the members of the Company be and is hereby accorded to the company for rescinding of issue of 1,24,83,885 Equity Shares of Rs.5/- each on Rights basis to the existing members of the company in the ratio of one equity share of Rs.5/- each for every fully paid up equity share of R.5/- each held by such members, as approved by the Members of the company at the Extra-Ordinary General Meeting held on 12th February, 2009."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF Section 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, the Rules/Regulations/Guidelines, if any, prescribed by the Securities and Exchange Board of India and/or any other regulatory authority, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval(s), consent(s), permission(s)and/or sanction(s), if any of the appropriate authorities, institutions or bodies as may be required and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s)and/or sanction(s), and which may be agreed to by the Board of Directors of the Company (herein after called "the Board", which term shall be



deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers, including the powers conferred by this resolution), and upon the Hon'ble High Court of Judicature at Madras, approving the reduction in the Paid-up Face Value of equity shares from Rs.10/- per Equity Share to Rs.5/- per Equity Share, in respect of which the application is pending before the Hon'ble High Court, the Board be and is hereby authorized on behalf of the Company to offer, issue and allot equity shares of Rs.5/- each (hereinafter referred to as the "Securities"), to the promoter / promoter group/Associates, whether or not they are Members of the Company, under a preferential issue through offer letter and/or circular and/or information memorandum and/or private placement memorandum and/or such other documents / writings, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the aggregate number of resultant equity shares of the Company to be issued shall not exceed 75,26,725 fully paid equity shares of the face value of Rs.5/- each, aggregating to Rs.3,76,33,625/- (Rupees Three Crores seventysix lakhs thirtythree thousand six hundred and twentyfive only).

RESOLVED FURTHER that the resultant equity shares to be issued and allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company and be listed on stock exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the Securities, utilisation of the issue proceeds and to do all the acts, deeds, matters and things in connection therewith and incidental thereto as the Board, in its absolute discretion, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or executive(s) / officer(s) of the Company to do all such acts, deeds, matters and things as also execute such documents, writings, etc. as may be necessary to give effect to the aforesaid resolution".

(By Order of the Board)

for KOTHARI INDUSTRIAL CORPORATION LIMITED  
G. MOHAN DAS  
COMPANY SECRETARY

Place: Chennai  
Date : 22.10.2009

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 Transfer Books of the company will remain closed from 2<sup>nd</sup> December, 2009 to 4<sup>th</sup> December, 2009 (both days inclusive).
- 2 (a) Members are also hereby informed that the equity shares of the company are available for dematerialisation / 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

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.

# Kothari Industrial Corporation Limited

## 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 4:

Dr.Easo John was appointed as Additional Director on 13.8.2009. Pursuant to Section 260 of the Companies Act, 1956, Dr.Easo John holds office up to the date of 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 Dr.Easo John as a Director of the Company. Dr.Easo John is a Post Graduate in Economics and also has studied MBA besides Ph.D. He has served as faculty in many educational institutions like IIM-A, besides his service in Government as well as multi national companies and public and private sector undertakings.

Brief particulars of Dr.Easo John are given in the Annexure.

The Board of Directors recommend the appointment.

None of the Directors except Dr.Easo John is concerned or interested in the proposed ordinary resolution.

#### **In respect of Item No.5**

The Company had sought the members approval at the Extra-Ordinary General Meeting held on 12.2.2009, for issue of 1,24,83,885 equity shares of Rs.5/- each to the existing shareholders in the ratio of one equity share for every one equity share of Rs.5/- held .

The Company has made an application to the Hon'ble High Court of Judicature at Madras for the reduction of the Paid Up Face Value of Equity Shares from Rs.10/- per Equity Share to Rs.5/- per Equity Share and it is expected that it would take a couple of months before the Order is pronounced.

The company is in urgent need of funds for restart of its manufacturing operations at its fertilizer factory at Ennore, near Chennai and working capital needs thereof. In view of this, it has been proposed to go in for issue of preferential shares for which the company has identified potential investors who along with the promoter and his associates will subscribe for the issue of equity shares of Rs.5/- each at par upon the High Court approving the reduction of Share Capital

In view of the cost and delay, it has been decided by the Board of Directors not to proceed with the issue of equity shares on rights basis to the shareholders of the company.

#### **In respect of Item No.6**

The company is in the process of revamping the plant and machinery of fertilizer factory located at Ennore, near Chennai. It is expected that barring unforeseen reasons, the company would be in a position to restart its manufacturing operations before the close of the calendar year.

Moreover, for the continuous running of the plant at Ennore, the company is in need of working capital. As mentioned in the Explanatory Statement in respect of Item No.5 above, the process of raising money through rights issue would take a longer time and hence, it has been decided by the Board of Directors of the Company to go in for issue of equity shares of Rs.5/- each on a preferential basis to the promoter(s), his associates and certain other investors.

Accordingly, it is proposed to issue and allot 75,26,725 equity shares of Rs.5/- each , aggregating to Rs. 3,76,33,625/- (Rupees Three Crores seventysix lakhs thirtythree thousand six hundred and twentyfive only) to promoter(s) and other investors in accordance with the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the "Preferential Issue Guidelines), including any statutory modification(s), or reenactment thereof for the time being in force and subject to the reduction of the Paid Up Value of equity shares from Rs.10/- per Equity Share to Rs.5/- Equity Share being approved by the Hon'ble High Court of Judicature at Madras.

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



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

Name of Director	Mr.K.Santhanam	Dr.Easo John
Date of birth & Age	19.01.1949 (60)	05.03.1925 (84)
Date of Appointment	06.07.2005	13.08.2009
Qualifications	M. Com.	Master of Arts
Expertise	Marketing	Corporate Management
Directorships in other companies	Chennai Machines Pvt. Ltd.,	Nil
Membership/Chairman in other companies	Nil	Nil
Committee Membership in	Nil	Nil
Shareholding in Kothari Indl. Corp. Ltd.	Nil	Nil

## Kothari Industrial Corporation Limited

Other disclosures in terms of Clause 13.1A of the Preferential Issue Guidelines:

- (i) The object(s) of the issue through preferential offer: to augment long term resources to fund the growth plans of the Company as mentioned above.
- (ii) Intention of Promoters/Key Management persons to subscribe to the Offer: The preferential issue of shares with a right to subscribe to equity shares would be made to the promoter(s) of the Company, viz. promoters/associates or any other entity / person(s)
- (iii) Shareholding pattern before and after the Preferential Issue

Shareholders	Pre-issue shareholding		Post-issue share-Holding	
	No. of shares	%	No. of shares	%
<b>A: Promoters Group :</b>	6945624	29.48	9145624	25.97
<b>B: Non-Promoters Group :</b>	8673428	55.53	14000153	60.49
<b>Total Capital (A+B)</b>	<b>15619052</b>	<b>85.01</b>	<b>23145777</b>	<b>86.46</b>

- (iv) Proposed time within which the allotment shall be completed: The allotment of the shares would be completed within the time prescribed under the Preferential Issue Guidelines.

(By Order of the Board)

for KOTHARI INDUSTRIAL CORPORATION LIMITED

Place: Chennai

G. MOHAN DAS

Date : 22.10.2009

COMPANY SECRETARY



## REPORT OF THE DIRECTORS

Your Directors present herewith the ThirtyNinth Annual Report on the performance of the Company along with the Audited Balance Sheet and Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2009.

The Financial Results are as follows:

	2008 - 09	2007 - 08
	(Rs.in Lacs)	
Turnover/Income from Services	<u>2972.06</u>	<u>2096.42</u>
Profit before Interest and Depreciation	438.48	290.06
Interest and Finance Charges	5.06	1.66
Profit before Depreciation	433.43	288.40
Exceptional items (net)	(81.21)	(326.61)
Depreciation	(14.71)	(17.83)
Profit/(Loss) before tax	337.51	(56.04)
Provision for deferred tax (net)	989.77	--
Fringe Benefit tax	3.43	2.98
Taxation provision of earlier years no longer required	--	108.52
Profit after tax	1323.85	49.50
Balance Profit / (Loss) brought forward from the previous year	(4476.79)	(4526.29)
Balance Profit / (Loss) carried to Balance Sheet	(3152.94)	(4476.79)

In view of the accumulated losses of the earlier years, the Directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March, 2009.

### OPERATIONS:

The Turnover of NPK mixtures, Straight fertilizers and trading in pesticides was Rs. 2400.26 Lakhs as compared to Rs.1694.79 Lakhs in the previous year.

### FUTURE PROSPECTS:

Presently, the company's activities are limited to fertiliser mixing, trading in pesticides besides receiving rental income. The company is taking steps to restart the manufacturing activity at its fertiliser's factory at Ennore and all the machineries have been overhauled. It is expected that commercial

production would commence by the close of the calendar year. Further, the Company is in the process of laying a dedicated railway siding to move fertilizers across Southern States

With regard to working capital requirements for the Fertiliser manufacturing operations, the company is contemplating for issue of shares at par to promoters, promoter's group and others on preferential basis, subject to the approval of shareholders at the ensuing AGM.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. K. Santhanam, Director retires at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Dr.Easo John was co-opted as Additional Director with effect from 13.8.2009 and retires at the ensuing Annual General Meeting. It is proposed to appoint him as a Director at the ensuing Annual General Meeting for which necessary notice from a shareholder under Section 257 of the Companies Act, 1956 has been received.

Mr.Mukesh Lalwani and Mr.T.Sankaran resigned from the Directorship of the Company with effect from the closing hours of 12.01.2009 & 13.08.2009 respectively. The Board places on record its appreciation of the services of Mr.Mukesh Lalwani and Mr.T.Sankaran during their tenure as Directors of the Company.

### 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.



# **Kothari Industrial Corporation Limited**

## **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.

With regard to the remarks in the Auditors' Report, the relevant financial notes are self explanatory.

## **DEPOSITS:**

The Company held Rs.8.67 Lacs as deposits from public as on 31<sup>st</sup> March, 2009, out of which deposits aggregating to Rs.4.17 lacs remain unclaimed as on that date.(since remitted to Investors Protection Fund - Rs.4.17 lacs).

Place : Chennai

Date : 22.10.2009

## **PARTICULARS OF EMPLOYEES:**

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

## **RESEARCH & DEVELOPMENT EXPENSES:**

With the proposed restarting of the Fertiliser factory at Ennore, the company proposes to spend appropriate amount in Inhouse R & D efforts

## **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



## REPORT OF THE AUDITORS

To

The Members of  
Kothari Industrial Corporation Limited

We have audited the attached Balance Sheet of M/s Kothari Industrial Corporation Ltd., Chennai – 600 034 as of 31<sup>st</sup> March, 2009, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956. We enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the annexure referred to above, we state that:

- (i) In our opinion, proper books of account as required by law have been maintained so far as appears from the examination of those books

(ii) The Balance Sheet and Profit and Loss Account and the cash flow statement referred to in this report are in agreement with such books of account referred to in paragraph (i) above.

(iii) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statements dealt with this report comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956 .

(iv) In our opinion, the said accounts together with the accounting policies and notes on accounts give the information required under the Companies Act, 1956 in the manner required.

4. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956.

5. Subject to our observations in paragraphs 4 above, we report that:

(i) the Balance Sheet gives a true and fair view of the state of the company's affairs as at 31<sup>st</sup> March, 2009

(ii) the Profit & Loss Accounts gives true and fair view of the profit for the year.

(iii) In the case of the Cash flow statement for the year ended 31<sup>st</sup> March, 2009, the cash flows for the year ended on that date.

For B.B.NAIDU & CO.  
Chartered Accountants

B.SURENDER  
Partner

Place: Chennai  
Date : 22.10.2009

Membership No. 6020

# Kothari Industrial Corporation Limited

## ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31.03.2009

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation fixed assets.  
(b) All the fixed assets have been physically verified by the Management during the year.
2. (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed during physical verification between the physical stocks and the book records were not material.
3. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and the same has been properly dealt with in the accounts.
4. (a) The Company has not granted any loan during the year to any party listed in the Register maintained under Section 301 of the Company Act.1956.  
(b) The company has not taken any loan from parties listed in the register maintained under section 301 of the Companies Act.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and there are no major weaknesses in such internal control.
6. Based on the The Register maintained under Section 301 of the Company Act. transactions exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us, the company has not complied with the provisions of sections 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public in prior years and matured deposits of Rs.4.17 lacs which remain unclaimed (since remitted to Investors' Protection & Education Fund)
8. The company has an internal audit system commensurate with the size of the company and nature of its business.
9. The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 does not apply to any of the products of the company.
10. (a) According to the records of the Company, the company, due to paucity of funds, **has not fully deposited/regularly deposited with appropriate authorities undisputed statutory dues, including Provident Fund – i.e. PF and Income Tax. (since remitted)**  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, customs duty and excise duty were outstanding as at 31.3.2009 for a period of more than six months from the date they became payable.



(c) According to the records of the company, there are dues of Sales tax, income-tax, customs duty/wealth-tax, excise duty/cess which have not been deposited on account of disputes with statutory authorities, which is furnished in Note 4 in Note to accounts.

11. The company has accumulated losses, however such accumulated losses of the Company are not more than its net worth as at the end of the financial year. The Company has not incurred cash losses during the current financial year and the preceding financial year covered by our audit.

12. Based on our examination of the books and on the information and explanation given by the management, **the company has defaulted in repayment of dues to financial institutions and banker(s).**

13. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

14. In our opinion, according to the information and explanation given to us, the nature of activities of the company does not attract in special statute applicable to Chit Fund and Nidi/Mutual Benefit Fund / Societies.

15. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transaction and contracts in relation to shares, debentures and other instruments and timely entries have been made in those records. We also report that the company has held the shares, securities in its own name.

Place: Chennai  
Date : 22.10.2009

16. The company has not given guarantee for loans taken by others from banks and financial institutions during the year.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

18. Based on our examination of record and the information provided to us by the Management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Sec.301 of the Act.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issues during the period covered by our audit.

21. Based upon the audit procedures performed and based on the available information and explanations given by the management we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.B. NAIDU & CO  
Chartered Accountants

B. SURENDER  
Partner  
Membership No. 6020

**KOTHARI INDUSTRIAL CORPORATION LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 2009**

Rupees in lacs

SCHEDULE	As at 31.3.2009	As at 31.3.2008
<b>SOURCES OF FUNDS</b>		
Shareholders' Funds		
Share Capital	1 <b>1326.20</b>	1326.20
Reserves and Surplus	2 <b><u>2639.44</u></b>	<u>2890.04</u>
	<b>3965.64</b>	4216.24
Loan Funds		
Secured	3 <b>1860.20</b>	3159.95
Unsecured	4 <b><u>1207.63</u></b>	<u>5.21</u>
	<b><u>3067.83</u></b>	<u>3165.16</u>
	<b><u>7033.47</u></b>	<u>7381.40</u>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets		
Gross Block (Note 6)	5 <b>4201.77</b>	5027.81
Less: Depreciation	<b><u>1737.25</u></b>	<u>2280.32</u>
	<b>2464.52</b>	2747.49
Deferred Tax Asset		
Investments	6 <b>989.77</b>	---
Current Assets;	<b>0.11</b>	0.11
Loans and advances		
Current Assets		
Inventories	7 <b>268.23</b>	286.10
Sundry Debtors	<b>214.11</b>	105.88
Cash and Bank Balances	<b><u>105.73</u></b>	<u>148.65</u>
	<b>588.07</b>	540.63
Loans and advances	8 <b><u>599.26</u></b>	<u>440.40</u>
	<b>1187.33</b>	981.03
Less: Current Liabilities and Provisions		
	9 <b>761.20</b>	824.02
	<b>426.13</b>	157.01
Miscellaneous Expenditure & Losses (to the extent not written off or adjusted)		
Profit and Loss Account Balance	10 <b><u>3152.94</u></b>	<u>4476.79</u>
	<b><u>7033.47</u></b>	<u>7381.40</u>

Notes on Accounts 15

This is the Balance Sheet referred to in our report of even date

Schedules 1 to 10 and 15 form part of this Balance Sheet

**For B.B. NAIDU & CO**  
**B. SURENDER**  
 Partner  
 Chartered Accountants  
 Membership No.6020

**For and on behalf of the Board**

**PRADIP D.KOTHARI**  
 Chairman &  
 Managing Director

**CHETAN VIJAY PAGARIYA**  
 Director

Place : Chennai  
 Date : 22-10-2009



**KOTHARI INDUSTRIAL CORPORATION LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	SCHEDULE	Rupees in Lacs 2008/09	2007/08
<b>INCOME</b>			
Sale of Fertilisers/Stock-in-Trade		2450.57	1694.79
Profit on sale of Fixed Assets		191.39	13.61
other Income	11	<u>330.10</u>	<u>388.02</u>
		<b>2,972.06</b>	<b>2,096.42</b>
<b>EXPENDITURE</b>			
Manufacturing and other expenses	12	2165.09	1649.92
Increase/(Decrease) in closing stock of finished goods and Work-in-process	13	(9.09)	(0.46)
Purchase of finished goods		214.12	21.11
Salaries, Wages and other Employee Benefits	14	<u>163.45</u>	<u>135.79</u>
		<b>2,533.57</b>	<b>1,806.36</b>
Profit/(Loss) before Interest and Depreciation		<u>438.49</u>	<u>290.06</u>
Interest & Finance Charges		<u>5.06</u>	<u>1.66</u>
		<b>433.43</b>	<b>288.40</b>
<b>Exceptional Items</b>			
Impairment in value of Assets		(8.83)	(188.17)
Value of Fixed Assets discarded		--	(138.44)
Value of Damaged Stores Stock written off		(30.49)	--
Extinguishment of liability to bank/financial institution on one time settlement		356.21	--
Interest on account of one time settlement with Banks		(429.34)	--
Excess Prov. of earlier years written back		31.24	--
Profit / (Loss) before Depreciation (C/F)		<u>352.22</u>	<u>(38.21)</u>

# Kothari Industrial Corporation Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009 ( cond.)

Rupees in Lacs

	2008/09		2007/08
<b>B/F</b>		<b>352.22</b>	(38.21)
Depreciation	144.38		162.62
Less: Withdrawn from Fixed Assets			
Revaluation Reserve	129.67	14.71	144.79
		<u>337.51</u>	<u>17.83</u>
			(56.04)
<b>Provisions:</b>			
i) Provision for Deffered Tax	774.43	--	
ii) Provision for Fringe Benefit Tax	3.43	2.98	
iii) Taxation relating to earlier years no longer required	--	777.86	108.52
		<u>108.52</u>	<u>105.54</u>
Profit (Loss) for the year		(440.35)	49.50
Deferred Tax Credit relating to earlier years		1,764.20	--
		<u>1,323.85</u>	<u>49.50</u>
Balance of Loss for the year brought forward		(4,476.79)	(4,526.29)
Balance Loss carried to Balance Sheet		<u>(3,152.94)</u>	<u>(4,476.79)</u>
Earning per share (Annualised) in Rs.		3.13	0.37

Notes on Accounts 15

Schedules 11 to 14 and 15 form part of this Profit and Loss Account

This is the Profit and Loss account referred to in our report of even date

For and on behalf of the Board

For B.B. NAIDU & CO  
B. SURENDER  
Partner  
Chartered Accountants  
Membership No.6020

PRADIP D.KOTHARI  
Chairman &  
Managing Director

CHETAN VIJAY PAGARIYA  
Director

Place : Chennai

Date : 22-10-2009



**Schedules to Accounts**

Rupees in lacs

As at 31.3.2009

As at 31.3.2008

**SCHEDULE 1**

**SHARE CAPITAL**

Authorised			
2,50,00,000	Equity Shares of Rs.10 each	<u>2500.00</u>	<u>2500.00</u>
Issued			
1,58,99,052	Equity Shares of Rs.10		
(1,58,99,052)	each	<u>1589.91</u>	<u>1589.91</u>
Subscribed			
1,56,19,052	Equity Shares of Rs.10/= each	<u>1561.91</u>	<u>1561.91</u>
(1,56,19,052)			
Paid-up			
1,24,83,885	Equity Shares of Rs.10		
(1,24,83,885)	each	1248.39	1248.39
Less: Calls-in-arrears			
due by persons other than Directors		<u>0.57</u>	<u>0.57</u>
		<u>1247.82</u>	<u>1247.82</u>
31,35,167	Equity Shares of Rs.10		
(31,35,167)	each - Rs.2.50 per share paid-up		
	[Note 2 (v),(vi) & (vii) ]	<u>78.38</u>	<u>78.38</u>
		<u>1326.20</u>	<u>1326.20</u>

**SCHEDULE 2**

**RESERVES AND SURPLUS**

**RESERVES**

Capital Reserve :		65.85	65.85
Capital Redemption Reserve		18.00	18.00
Share Premium Account		1290.06	1290.06
Fixed Assets Revaluation			
Balance as on 1.4.2008	1516.13	1660.92	
LESS: Utilised during the year	129.67	144.79	
LESS: Withdrawn on Sale/transfer	<u>120.93</u>	<u>—</u>	
		<u>1265.53</u>	<u>1516.13</u>
		<u>2639.44</u>	<u>2890.04</u>



# Kothari Industrial Corporation Limited

Rupees in lacs

As at 31.3.2009

As at 31.3.2008

## SCHEDULE 3

### SECURED LOANS

#### FROM BANKS

Working capital Loan

1461.53

2256.87

Term loans

[Note 3 ]

Other Loans

398.67

903.08

1860.20

3159.95

## SCHEDULE 4

### UNSECURED LOANS

Fixed deposits

4.71

5.21

Other Loans

1202.92

—

1207.63

5.21



**SCHEDULE 5**

**Fixed Assets**

**Rupees In Lacs**

	<b>Gross Block</b>			<b>Depreciation</b>			<b>Net Block</b>	
	To 31.3.2008 Cost/ Revaluation	Additions (Deletions) (Adjustments)	<b>Total upto 31.3.2009</b>	Upto 31.3.2008	For the year (Deduct- ions)	<b>Total Upto 31.3.2009</b>	<b>As at 31st Mar. 2009</b>	<b>As at 31st Mar. 2008</b>
Land	18.91	-	<b>4.37</b>	-	-	-	<b>4.37</b>	18.91
		14.54						
Buildings	3841.85	-	<b>3431.43</b>	1,211.21	131.53	<b>1,027.60</b>	<b>2403.83</b>	2630.64
		410.42			315.14			
Plant and Machinery	988.59	2.17	<b>604.56</b>	909.74	7.84	<b>564.52</b>	<b>40.04</b>	78.85
		386.20			353.06			
Furniture & Fittings	99.70	1.16	<b>90.78</b>	93.98	1.17	<b>85.64</b>	<b>5.14</b>	5.72
		10.08			9.51			
Vehicles	78.76	5.60	<b>70.63</b>	65.39	3.84	<b>59.49</b>	<b>11.14</b>	13.37
		13.73			9.74			
	5027.81	8.93	<b>4201.77</b>	2280.32	144.38	<b>1737.25</b>	<b>2464.52</b>	2747.49
		834.97			687.45			

# Kothari Industrial Corporation Limited

## SCHEDULE 6

Rupees in lacs

INVESTMENTS (AT COST)	No. of Shares/ Face Value	Nominal Value per Share	As at <b>31.3.2009</b>	As at 31.3.2008
<b>INVESTMENTS (AT COST) - UNQUOTED</b>			Rs.	Rs.
Non-Trade In Government Securities				
National Savings Certificates	Rs. 9000		<b>0.09</b>	0.09
Kissan Vikas Patras	Rs. 500		<b>0.01</b>	0.01
<b>OTHERS</b>				
Mittal Court Co-operative Society	Rs. 250		<b>0.01</b>	0.01
			<b>0.11</b>	<b>0.11</b>



Rupees in lacs

**SCHEDULE 7**

**As at 31.3.2009**

**As at 31.3.2008**

**CURRENT ASSETS**

Inventories

Stores and Spares	<b>7.76</b>	38.25	
Packing Materials	<b>17.81</b>	17.22	
Raw materials	<b>69.76</b>	44.94	
Finished goods	<b>12.64</b>	3.55	
Stock-in-Trade (Land)	<b><u>160.26</u></b>	<u>182.14</u>	
	<b>268.23</b>		286.10

Sundry Debtors

Outstanding for a period exceeding  
six months

Unsecured Considered good	<b>43.87</b>	34.62	
Unsecured Considered doubtful	<b>34.62</b>	34.62	

Others (Outstanding for a period  
less than six months)

Unsecured and considered good	<b><u>170.24</u></b>	<u>71.26</u>	
-------------------------------	----------------------	--------------	--

	<b>248.73</b>	140.50	
--	---------------	--------	--

Less: provision for doubtful debts	<b><u>34.62</u></b>	<u>34.62</u>	
------------------------------------	---------------------	--------------	--

	<b>214.11</b>		105.88
--	---------------	--	--------

Cash and Bank Balances

Cash and stamps on hand	<b>12.00</b>	1.44	
-------------------------	--------------	------	--

Balances with scheduled banks

In Current accounts	<b>75.04</b>	128.25	
---------------------	--------------	--------	--

In Deposit accounts	<b>6.44</b>	17.50	
---------------------	-------------	-------	--

Remittance in Transit	<b>12.25</b>	1.46	
-----------------------	--------------	------	--

	<b><u>105.73</u></b>	<u>148.65</u>	
--	----------------------	---------------	--

	<b><u>588.07</u></b>	<u>540.63</u>	
--	----------------------	---------------	--

**SCHEDULE 8**

**LOANS AND ADVANCES**

Unsecured and considered good (recoverable in cash or in kind or for value to be received)	<b>599.26</b>		440.40
---	---------------	--	--------

	<b><u>599.26</u></b>		<u>440.40</u>
--	----------------------	--	---------------

## Kothari Industrial Corporation Limited

### SCHEDULE 9

Rupees in lacs

CURRENT LIABILITIES AND PROVISIONS As at 31.3.2009 As at 31.3.2008

#### A. Current Liabilities

Sundry creditors	101.68	221.19
Unclaimed dividends (Note-5)	6.98	6.98
Other liabilities	619.77	546.41
Interest accrued but not due on loans	27.24	43.91
	<u>755.67</u>	<u>818.49</u>

#### B. Provisions

Taxation	5.53	5.53
	<u>761.20</u>	<u>824.02</u>

### SCHEDULE 10

#### PROFIT AND LOSS ACCOUNT

Balance as on 1.4.2008	(4,476.79)	(4,526.29)	
Profit / (loss) for the year	<u>1,323.85</u>	<u>49.50</u>	
		(3,152.94)	(4,476.79)
		<u>(3,152.94)</u>	<u>(4,476.79)</u>



Rupees in lacs

<b>SCHEDULE 11</b>	<b>2008 - 09</b>	<b>2007 - 08</b>
<b>OTHER INCOME</b>		
Rent	202.50	171.47
Interest	4.76	0.31
Dividend	0.03	0.02
Royalty/Management fees	92.78	183.56
Miscellaneous income	30.03	32.66
	<u>330.10</u>	<u>388.02</u>
<b>SCHEDULE 12</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Raw materials consumed		
Opening Stock	44.94	66.79
Add: Purchases	1,626.51	1,322.96
	<u>1,671.45</u>	<u>1,389.75</u>
Less: Closing Stock	69.76	44.94
	<u>1,601.69</u>	<u>1,344.81</u>
Stores and packing materials consumed	99.33	53.11
Power and fuel	0.00	0.23
Repairs and maintenance		
Plant and Machinery	1.58	0.00
-Buildings and others	58.92	18.58
Other manufacturing expenses	25.54	13.77
Rent	13.68	9.01
Rates and taxes	7.29	4.76
Insurance	2.17	1.81
Professional / Legal Charges	24.93	20.49
Other expenses	133.74	75.90
Selling expenses	166.21	94.85
Commission on sales	19.83	7.52
Directors' sitting fees	1.70	0.40
Auditors' remuneration	4.61	4.68
Loss on sale of Asset	3.87	0.00
	<u>563.40</u>	<u>305.11</u>
	<u>2,165.09</u>	<u>1,649.92</u>

**Kothari Industrial Corporation Limited**

Rupees in lacs

**SCHEDULE 13**(Increase)/Decrease in Closing  
Stock of finished goods and  
Work-in-process**2008-09****2007-08**

Opening Stock

Finished goods

**3.55**

3.09

Land converted into Stock-in-trade  
on 1st April 2007**182.14**

182.14

Add:Buildings Converted into  
Stock-in-Trade**5.15**

--

Less:Transferred on sale of land

**27.03**

-

Less: Closing Stock

**163.81**

185.23

Finished goods

**12.64**

3.55

Land held as stock-in-Trade

**160.26**

182.14

**172.90**

185.69

**(9.09)****(0.46)****SCHEDULE 14****SALARIES, WAGES AND OTHER  
EMPLOYEE BENEFITS**

Salaries, Wages and Bonus

**137.16**

115.56

Contribution to Provident and other  
Funds**15.76**

15.42

Welfare expenses

**10.53**

4.81

**163.45**

135.79



## SCHEDULE 15 NOTES ON ACCOUNTS

### I. ACCOUNTING POLICIES

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

#### i) FIXED ASSETS

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

#### ii) DEPRECIATION

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

#### iii) INVESTMENTS

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

#### iv) INVENTORIES

Fertiliser mixtures are valued at lower of cost and net realisable value following first in first out method.

Raw materials, Stores and Spare parts are valued at weighted-average cost and are inclusive of excise duty and other taxes wherever applicable.

#### v) REVENUE RECOGNITION

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

#### vi) RETIREMENT BENEFITS

Gratuity to employees payable in the future is generally provided for in the accounts and incremental liability is remitted into a separate trust after the close of the financial year. Contribution to Provident Fund and Superannuation Fund for eligible employees is remitted to the appropriate authorities. Gratuity and Leave encashment are based on reasonable estimates based on past trend of employee retrenchment/attrition.



# Kothari Industrial Corporation Limited

## II. NOTES ON ACCOUNTS

1. Presently the company's activities are limited to fertiliser mixing and trading in pesticides besides receiving rental income.

Moreover, the company is in the process of restarting its super phosphate factory and is planning for commencing commercial production by the end of the calendar year.

The management has identified a potential funder who had made available the funds in settling the compromise / One Time Settlement (OTS) dues reached with the respective banks, however, subject to approval of the Hon'ble Court / Tribunal. The Company has so far settled the dues to three of its bankers,

In view of this positive development, the accounts have been presented on the principles applicable to a going concern.

### 2. SHARE CAPITAL

#### 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 25.8.93 as fully paid on part conversion of 16% Secured Partly convertible Redeemable Debentures allotted on 25.2.93.
- (v) 24,74,569 Equity Shares of Rs.10 each were allotted on 16.5.95 to the Promoters group of which Rs.2.50 per share being the amount payable on application and allotment amounting to Rs.61.86 lacs was paid up. The resolution passed by the share holders authorising the issue of above shares has been set aside by the City Civil Court on 14.12.2000 and upon compliance of the necessary formalities including an order from the High Court if so required, appropriate adjustments would be made in the accounts.
- (vi) 6,60,598 Equity Shares of Rs.10 each were allotted on 20.6.95 to a Overseas Bodies Corporate of which Rs.2.50 per share being amount payable on application and allotment amounting to Rs.16.52 lacs was paid up. The resolution passed by the shareholders authorising the issue of above shares has been set aside by the City civil court on 14.12.2000 and upon compliance of the necessary formalities, including an order from the High Court, if so required, appropriate adjustments would be made in the accounts.
- (vii) The consent terms filed on 5.3.2000 with the Supreme Court and decreed by the said Court in the matter of share allotment and sale of 5.33 grounds of land effects of the decree has not been considered in the books of accounts of the company, since the consent decree terms are yet to be implemented. A suit has since been filed in the Madras High Court for implementation of the scheme by the company.



- (viii) An Extra-Ordinary General Meeting (EGM) of the shareholders of the Company was held on 12<sup>th</sup> February, 2009 wherein the shareholders have approved the proposal for reduction of Face Value of the Equity Shares from Rs.10/- each to Rs.5/- per Equity Share along with the proposal for proportionate reduction of premium on such equity shares.

This proposal for reduction of Capital is subject to approval of the Hon'ble High Court of Judicature at Madras and the company has already filed necessary application with the said Hon'ble High Court in this regard.

The management is contemplating issue of equity shares on preferential basis to promoters / promoters' group / associates and others, subject to the approval of the shareholders at the ensuing Annual General Meeting.

### 3 SECURED LOANS

Loans and advances from banks are secured on immovable properties and current assets of the company and guaranteed in certain cases by the promoter. The Company has already negotiated with three of its banks and had arrived at One Time Settlement (OTS) on the loans payable to them. With the funds made available by a funder, the company has settled in full the OTS amounts. The dues on account of a bank, one of the bankers, have been allegedly assigned to Kotak Mahindra Bank Ltd. who has not substituted themselves in the place of the Bank before the Debt Recovery Tribunal (DRT). The company has obtained an interim stay from the Hon'ble High Court of Judicature at Madras restraining Kotak Mahindra Bank Ltd. from dealing with any of the properties of the company.

4. Contingent Liabilities	Rs.in lacs 31.3.2009	Rs.in lacs 31.3.2008
(i) Outstanding guarantees	7.00	377.00
(ii) Disputed sales tax demands under appeal including stay of recovery granted for Rs.854.65 lacs (Rs.20.50 lacs paid under protest included under advances) (Based on another Supreme Court order and legal opinion such demands may not be sustainable)	876.89	876.89
(iii) Claims against the Company not acknowledged as debt (exclusive of interest)	145.00	169.61
(iv) Differential Customs Duty on Import machinery availed under export obligation scheme.	84.07	84.07
(v) Debonding charges on imported machinery is under Representation and presently not quantifiable	—	—
(vi) Interest if any payable on Mortgage Loan of Rs.450.00 lacs is under negotiation along with other connected issues and the rate of interest and quantum thereof, if any, and is presently not ascertainable and hence not recognized in the accounts	—	—
5. The issue of transfer of unclaimed/uncashed dividends of Rs.6.98 lacs upto 1981- 82 to Government is pending before the High Court of Judicature of Madras .		

## Kothari Industrial Corporation Limited

### 6 Fixed Assets

- (i) Land and buildings at Fertiliser Division were revalued in the years 1989, 1992 and again on 1<sup>st</sup> April 1995.
- (ii) Part of the "Kothari Building" belonging to the Company was revalued at the fair market value on 31<sup>st</sup> March 2002 by an approved valuer.
- (iii) The appreciation in the value of the above fixed assets has been credited to Fixed Asset Revaluation Reserve.
7. In accordance with the resolution passed by the members of the Company at the 35<sup>th</sup> Annual General Meeting held on 27.9.2005, the Company's tea estates known as Glendale Estate and Adderley Estate were transferred as going concerns with all their assets and liabilities and obligations related to the said estates to the company's wholly owned subsidiaries, viz. Glenworth Estate Ltd. and Adderley Estate Ltd. respectively. The shares of the subsidiary companies were subsequently sold to M/s SGP Exim Private Limited. M/s ICICI Bank Ltd. who hold pari passu charge over the said plantations and assets and who had advanced term loan against such assets had filed a suit for recovery of the said loan. The suit is being argued in the name of the company and efforts have been taken to get the buyer substituted/impleaded in the place of the company, viz. Kothari Industrial Corporation Ltd.
8. Other expenses in Schedule 12 include a sum of Rs.86 lakhs paid to a bank on account of fulfillment of guarantee obligation.

### 9. Auditors' Remuneration :

	Rupees in lacs	
	2008-09	2007-08
Fees	2.68	2.25
For Tax Audit	1.25	1.25
For Certification	0.68	0.03
Expenses	--	1.15
	<u>4.61</u>	<u>4.68</u>

### 10. Related Parties Disclosure:

#### (a) Name of Key Management Personnel

Mr. Pradip D. Kothari – Chairman and Managing Director

In view of the losses, no remuneration was paid to the Managing Director during the year.

#### (b) Name of the transacting related party & Description of the relationship between the parties.

Associate Companies/Firms

Kothari (Madras) International Limited

#### (c) Particulars of transactions

<u>Sl.No</u>	<u>Nature of Transaction</u>	<u>Amount</u> (Rs.in lacs)
1.	Royalty	92.78
2.	Rent	24.00

Amount of Rs. 12.59 lacs is outstanding as on 31<sup>st</sup> March, 2009 to the associate company.



11. Earnings / (Loss) Per Share – Calculation of weighted average number of equity shares of Rs.10/- each

	2008-09	2007-08
Number of shares of Rs.10/- each	12483885	12483885
No. of shares of Rs.10/- each Partly Paid Rs.2.50 per share (considered 1/4 <sup>th</sup> numbers)	783792	783792
Basic & Diluted Earnings / (Loss) (in Rupees) per share (annualised)	3.13	0.37

12. As per Accounting Standard AS 22, the timing differences relate mainly to depreciation and carry forward losses for the period upto 31.3.2009, resulting in a net deferred tax asset, which in the opinion of the Management will get adjusted against taxable profits in future years.

13. As per the records and information available with the company there are no amounts outstanding as on 31<sup>st</sup> March, 2009 payable to:

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

14. Key Accounting Ratios

(i) Sales to Total Assets	:	1.37 Times (Previous Year - (0.96) Times)
(ii) Operating Profit to Closing Capital Employed	:	23.22 % [Previous Year - 15.12 %]
(iii) Return on Closing Net Worth	:	12.37 % [Previous Year - (2.19 %)]
(iv) Profit to Sale	:	13.63 % [Previous Year - (3.48%)]

15. The figures in brackets relate to previous year and regrouped wherever necessary

INFORMATION PURSUANT TO SCHEDULE VI OF THE COMPANIES ACT, 1956

NOTE: 16(I)

APRIL 2008 TO MARCH 2009

Kothari Industrial Corporation Limited

RUPEES IN LACS										
PRODUCT	UNIT OF MEASURE	LICENCED CAPACITY	INSTALLED CAPACITY	OPENING STOCK		PRODUCTION/ PURCHASES	CLOSING STOCK		TURNOVER	
				QTY	VALUE		QTY	VALUE	QTY	VALUE
<b>1. FERTILISERS</b>										
<u>A: OWN MANUFACTURE</u>										
SUPERPHOSPHATE	TONNES	66000 (66000)	82000 (82000)							
MIXTURES	TONNES			CY	58.000	3.55	28805.100	212.100	12.640	28668.464
				PY	(78.000)	(3.09)	(23016.000)	(58.000)	(3.550)	(23097.000)
<u>B: TRADING</u>										
SUPERPHOSPHATE	TONNES			CY	25.000	0.81	600.000	32.095	2.040	12.000
				PY	(298.000)	(9.12)	(691.000)	(25.000)	(0.810)	(151.000)
ROCK PHOSPHATE	TONNES			CY	86.000	3.180	3111.900	88.029	3.430	1687.550
				PY	(26.000)	(0.690)	(1670.000)	(86.000)	(3.180)	(1287.000)
UREA	TONNES			CY	327.000	15.560	9091.264	133.254	6.220	267.200
				PY	(252.000)	(12.490)	(7878.000)	(327.000)	(15.560)	(651.000)
MURIATE OF POTASH	TONNES			CY	239.000	9.910	6846.050	404.339	17.280	728.800
				PY	(153.000)	(6.700)	(5656.000)	(239.000)	(9.910)	(574.000)
O THERS	TONNES			CY	453.000	15.490	16727.015	1009.867	40.790	3669.804
				PY	(958.000)	(37.790)	(10145.000)	(453.000)	(15.490)	(2193.000)



16 (ii) RAW MATERIALS CONSUMPTION:(2008/09)

	UNIT OF MEASURE	QUANTITY	VALUE RS.LACS
<b><u>FERTILISERS</u></b>			
ROCK PHOSPHATE	TONNES	1421	55.39
		(316)	(12.69)
MURIATE OF POTASH	TONNES	5940	252.03
		(4981)	(209.06)
UREA	TONNES	8985	421.85
		(7114)	(337.46)
DOLOMITE	TONNES	7072	15.84
		(5020)	(19.71)
DAP	TONNES	4043	374.14
		(4386)	(409.44)
OTHERS	TONNES	1344	76.72
		(1199)	(65.75)

(III) VALUE OF RAW MATERIALS AND SPARE PARTS CONSUMED

	IMPORTED	INDIGENOUS	PERCENTAGE	
	VALUE	VALUE	IMPORTED	INDIGENOUS
	RS. IN LACS			
<b>RAW MATERIALS</b>				
ROCK PHOSPHATE	-	55.39	-	100%
	(-)	(12.69)	(-)	(100%)

**CASH FLOW STATEMENT**

	FOR 2008-09	:	FOR 2007-08
	Rs LACS	:	Rs LACS
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
NETT PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	425.09	:	270.57
ADD:		:	
DEPRECIATION FOR THE YEAR	<u>14.71</u>	:	<u>17.83</u>
	439.80	:	288.40
LESS:		:	
PROFIT ON SALE OF FIXED ASSETS	241.70	:	13.61
INTEREST RECEIPTS	4.76	:	0.31
DIVIDENDS	<u>0.03</u>	:	<u>0.02</u>
	<u>246.49</u>	:	<u>13.94</u>
	193.31	:	274.46
<b>LESS: INCREASE IN CURRENT ASSETS/CURRENT LIABILITIES</b>			
INVENTORIES	7.47	:	166.16
SUNDRY DEBTORS	108.23	:	(7.56)
LOANS AND ADVANCES	<u>238.96</u>	:	<u>247.98</u>
	354.66	:	406.58
CURRENT LIABILITIES AND PROVISIONS	<u>(65.59)</u>	:	<u>37.12</u>
	<u>420.25</u>	:	<u>369.46</u>
CASH FLOW	(226.94)	:	(95.00)
NET CASH FROM OPERATING ACTIVITIES (A)	613.56	:	(95.00)
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
INFLOW		:	
INTEREST RECEIPTS	4.76	:	0.31
DIVIDENDS	0.03	:	0.02
PROFIT ON SALE OF FIXED ASSETS	<u>241.70</u>	:	<u>13.61</u>
	246.49	:	13.94

<b>OUTFLOW</b>	<b>Rs. LACS</b>	:	<b>Rs. LACS</b>	:	
NETT INCREASE IN FIXED ASSETS	(277.82)	:	(350.95)	:	
NETT INCREASE IN INVESTMENTS	0.00	:	0.00	:	
	<u>(277.82)</u>	:	<u>(350.95)</u>	:	
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(524.31)	:	(364.89)	:	
<b>C)CASH FLOW FROM FINANCING ACTIVITIES</b>		:		:	
RESERVES	0.00	:	0.00	:	
LOAN FUNDS	(376.65)	:	(226.00)	:	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(376.65)	:	(226.00)	:	
NETT INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(42.92)	:		:	43.89
CASH AND CASH EQUIVALENT OPENING BALANCE	148.65	:		:	104.76
CASH AND CASH EQUIVALENT CLOSING BALANCE	105.73	:		:	148.65
	(42.92)	:		:	43.89

For and on behalf of the Board

PRADIP D.KOTHARI  
Chairman &  
Managing Director

CHETAN VIJAY PAGARIYA  
Director

Place : Chennai  
Date : 22.10.2009





**Kothari Industrial Corporation Limited**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
**AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956**

I Registration Details  
 Registration No. 

L	2	4	1	1	0	T	N	1	9	7	0	P	L	C	0	0	5	8	6	5
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 State Code : 

1	8
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Balance Sheet Date 

3	1
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0	3
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2	0	0	9
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 Date Month Year

II Capital raised during the year (Amount in Rs. Thousands)  
 Public Issue Rights Issue Bonus Issue Private Placement  

N	I	L
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N	I	L
---	---	---

N	I	L
---	---	---

N	I	L
---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

	Total Liabilities	Total Assets												
Sources of Funds :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>7</td><td>9</td><td>4</td><td>6</td><td>7</td></tr></table>	7	7	9	4	6	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>7</td><td>9</td><td>4</td><td>6</td><td>7</td></tr></table>	7	7	9	4	6	7
7	7	9	4	6	7									
7	7	9	4	6	7									
	Paid up Capital	Reserves & Surplus												
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>2</td><td>6</td><td>2</td><td>0</td></tr></table>	1	3	2	6	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>3</td><td>9</td><td>4</td><td>4</td></tr></table>	2	6	3	9	4	4
1	3	2	6	2	0									
2	6	3	9	4	4									
	Secured Loans	Unsecured Loans												
Application of Funds :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>8</td><td>6</td><td>0</td><td>2</td><td>0</td></tr></table>	1	8	6	0	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>0</td><td>7</td><td>6</td><td>3</td></tr></table>	1	2	0	7	6	3
1	8	6	0	2	0									
1	2	0	7	6	3									
	Net Fixed Assets	Investments/Deferred Tax Asset												
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>4</td><td>6</td><td>4</td><td>5</td><td>2</td></tr></table>	2	4	6	4	5	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>9</td><td>8</td><td>9</td><td>8</td><td>8</td></tr></table>	9	8	9	8	8	
2	4	6	4	5	2									
9	8	9	8	8										
	Net Current Assets	Misc. Expenditure												
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>2</td><td>6</td><td>1</td><td>3</td></tr></table>	4	2	6	1	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L				
4	2	6	1	3										
N	I	L												
	Accumulated Losses													
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>1</td><td>5</td><td>2</td><td>9</td><td>4</td></tr></table>	3	1	5	2	9	4							
3	1	5	2	9	4									

IV Performance of the Company (Amount in Rs. Thousands)

	Turnover	Total Expenditure (Net)																
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>7</td><td>2</td><td>0</td><td>6</td></tr></table>	2	9	7	2	0	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>6</td><td>4</td><td>8</td><td>2</td><td>1</td></tr></table>	1	6	4	8	2	1				
2	9	7	2	0	6													
1	6	4	8	2	1													
+ -	Profit/Loss before tax	+ - Profit/oss after tax																
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>✓</td><td></td></tr><tr><td>1</td><td>3</td><td>2</td><td>3</td><td>8</td><td>5</td></tr></table>	✓		1	3	2	3	8	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>✓</td><td></td></tr><tr><td>1</td><td>3</td><td>2</td><td>3</td><td>8</td><td>5</td></tr></table>	✓		1	3	2	3	8	5
✓																		
1	3	2	3	8	5													
✓																		
1	3	2	3	8	5													
	Earnings per share in Rs.																	
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>.</td><td>1</td><td>3</td></tr></table>	3	.	1	3													
3	.	1	3															

V Generic Name of One Principal Product / Services of the Company (as per monetary terms)

Item Code No : 

3	1	0	3	1	0
---	---	---	---	---	---

  
 (ITC Code)  
 Product Description : 

S	u	p	e	r	P	h	o	s	p	h	a	t	e
---	---	---	---	---	---	---	---	---	---	---	---	---	---

As per our report annexed

**For B.B. NAIDU & CO**  
**B. SURENDER**  
 Partner  
 Chartered Accountants  
 Membership No.6020  
 Place : Chennai  
 Date : 22.10.2009

For and on behalf of the Board  
**PRADIP D.KOTHARI** **CHETAN VIJAY PAGARIYA**  
 Chairman & Director  
 Managing Director



**KOTHARI INDUSTRIAL CORPORATION LIMITED**

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