

BOARD OF DIRECTORS : SRI A. K. KOTHARI — Chairman
 SMT P. D. KOTHARI
 SRI S. BAGRI
 SRI A. KHANDELWAL
 SRI A. AGARWAL
 SRI K. C. MOHTA

CHIEF FINANCIAL OFFICER & SECRETARY : SRI M. L. DAGA

AUDITORS : DUTTA, GHOSH & ASSOCIATES

BANKERS : BANK OF BARODA
 INDIAN OVERSEAS BANK
 VIJAYA BANK

REGISTERED OFFICE : C-4, GILLANDER HOUSE,
 8, N. S. ROAD, KOLKATA-700 001

REGISTRAR & SHARE TRANSFER AGENT : M/S. MAHESHWARI DATAMATICS PVT. LTD.
 6, MANGOE LANE, 2ND FLOOR,
 KOLKATA – 700 001

MANUFACTURING UNITS

PHYTOCHEMICALS DIVISION : MADURAI (Tamil Nadu)
 Mfrs. of : Chemicals and Crude Drugs

SOUTHERN SYNTHETICS DIVISION : RANIPET (Tamil Nadu)
 Mfrs. of : Formaldehyde and Hexamine

CLARO INDIA DIVISION : GUMMIDIPOONDI (Tamil Nadu)
 Mfrs. of : Phenolic Resin

CONTENTS	Page
NOTICE	3
DIRECTORS' REPORT	5
REPORT ON CORPORATE GOVERNANCE	14
FIVE YEARS FINANCIAL HIGHLIGHTS	22
AUDITORS' REPORT	23
BALANCE SHEET	28
STATEMENT OF PROFIT & LOSS	29
CASH FLOW STATEMENT	30
SIGNIFICANT ACCOUNTING POLICIES	32
NOTES ON FINANCIAL STATEMENTS	35

NOTICE**TO THE SHAREHOLDERS**

NOTICE is hereby given that the **ONE HUNDRED SIXTEENTH** Annual General Meeting of the Shareholders of the Company will be held at **Indian Chamber of Commerce**, 4 India Exchange Place, 10th Floor, Kolkata- 700 001 on **Friday, the 17th August, 2012** at **3.00 p.m.** to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts and the report of the Directors and the Auditors of the Company for the year ended 31st March, 2012.
2. To declare dividend on Ordinary Shares for the year ended 31st March, 2012.
3. To appoint Directors in place of Smt. Prabhawati Devi Kothari and Sri Ajit Khandelwal, who retire by rotation and being eligible, offer themselves for re-appointment.
4. a) To appoint Auditors and to fix their remuneration.
b) To appoint Branch Auditors for its Phytochemicals Division, Southern Synthetics Division and Claro India Division and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED that the commission payable under Article 93(a) of the Articles of Association of the Company to the Directors other than the Ex-officio Director / Wholetime Director or a Nominee Director nominated by Financial Institutions, if any, be continued to be so payable for a period of 5 years with effect from 1st April, 2012 @ 1% (One per cent) of the net profits of the Company, subject to ceiling of ₹ 3,00,000/- (Rupees three lacs only) as computed according to the provisions of the Companies Act, 1956 and be paid to the Directors in such proportion between them as may be decided by the Directors entitled to the same for such financial year from time to time within the limit aforesaid.

By Order of the Board
For **KOTHARI PHYTOCHEMICALS & INDUSTRIES LTD.**

Madan Lal Daga
Chief Financial Officer & Secretary

Registered Office:
C - 4, Gillander House
8, N. S. Road, Kolkata - 700 001
Dated: 28th May, 2012

NOTES :

- i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting
- ii. The register of Members of the Company in respect of Ordinary Shares will remain closed from 10th August, 2012 to 17th August, 2012 (both days inclusive)
- iii. Members holding shares in physical form are requested to notify immediately changes, if any in their registered address, bank particulars and Income Tax Permanent Account Number (PAN) to the Company's Registrar and Share Transfer Agent at the below – mentioned address quoting their Folio Numbers:-

M/s. Maheshwari Datamatics Private Limited.
 (Unit:- Kothari Phytochemicals & Industries Limited)
 6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
 Ph: (033) 2243 – 5809 / 5029
 Fax : 91 – 33 – 2248 4787, Email : mdpl@cal.vsnl.net.in

In case Shares are held in electronic form, these information should be passed on directly to their respective Depository Participant (DP)

- iv. In terms of Sections 205A(5) and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants for the year 2005 or thereafter are requested to write to the Company.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956
Item No. 5

The Shareholders have by Special Resolution passed on 21st September 2007, approved payment of Commission to Directors, excluding Ex – officio / Wholetime Directors, if any, @ 1 % (One percent) of the net profits of the Company in any financial year for a period of five years with effect from 1st April, 2007. In view of the expiry of five years of sanction, it is now proposed to renew the payment of commission for a further period of five years from 1st April, 2012 under Sub-Section (7) of Section 309 of the Companies Act, 1956, subject to a ceiling of ₹ 3,00,000/- (Rupees Three lacs only) and be paid and distributed to the Directors in such proportion between them as may be decided by the Directors entitled to the same for such financial year from time to time within the limit aforesaid. Hence, the resolution is put before you for approval.

All the Directors are interested in the above resolution to the extent they may be entitled to receive their respective share of managerial remuneration by way of commission.

DIRECTORS' REPORT
TO THE SHAREHOLDERS

Your Directors have pleasure in presenting ONE HUNDRED SIXTEENTH Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2012.

FINANCIAL RESULTS

	₹	₹
Profit for the year (after providing for		
Depreciation and Amortisation of ₹ 1,09,94,921)		3,83,30,722
Less: Provision for Taxation (Net) :		
Current Tax	30,00,000	
Deferred Tax	<u>1,14,90,406</u>	
		<u>1,44,90,406</u>
		2,38,40,316
Together with :		
Profit brought forward from previous year		<u>4,94,514</u>
Making a Surplus of		2,43,34,830
Which has been appropriated as under :		
Transfer to General Reserve	1,00,00,000	
Proposed dividend	58,24,763	
Tax on Proposed Dividend	<u>9,44,922</u>	
		<u>1,67,69,685</u>
Balance carried to Balance Sheet		<u>75,65,145</u>

DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 15 % i. e. ₹ 1.50 per ordinary share of ₹ 10/- each for the year under review.

MANAGEMENT'S DISCUSSION AND ANALYSIS
INDUSTRY STRUCTURE AND DEVELOPMENTS

Phytochemical is an export oriented industry. The sale of Formaldehyde largely depends on the consumption by the leather goods, leather chemicals, and plywood industries. Industrial Resin is mainly consumed by Automobile component and refractory sectors, which are all in the grip of weak economic

DIRECTORS' REPORT — (Contd.)

conditions prevailing in the country. In spite of all these factors, your Company has recorded a turnover of ₹ 28.73 crores in the Financial Year 2011 - 12. Had there been no slowdown and recession, the Company could have done better.

SEGMENTWISE PERFORMANCEa) **PHYTOCHEMICALS DIVISION**

The turnover of this division has increased to ₹ 12.56 crores comparing to ₹ 10.98 crores in the previous year, though the USA Economy has not fully looked up as yet and the cloud of uncertainty in Eurozone Economy is still continuing. The supply of main raw material viz. Nux Vomica seeds is erratic, and due to aforesaid situation the prices of the material are very much fluctuating. Favourable exchange rate of U. S. Dollar to Indian Rupee has helped to do better in this division. The order book position is reasonably good.

b) **SOUTHERN SYNTHETICS DIVISION**

The division is facing challenges arising out of the ban imposed by USA and Eurozone Countries for use of Formaldehyde in leather chemicals and leather goods. Power cut and frequent interruption in power supply has also affected the working of this division adversely. The running of the division by D. G. Set is at all not remunerative and as such the unit could not run with full capacity. Due to sharp increase in the exchange rate of U. S. Dollar vis - a - vis Indian Rupee, the prices of Methanol has increased substantially, which is the main raw material for the manufacturing of Formaldehyde and Hexamine. Your Directors do not foresee any improvement in this division.

c) **CLARO INDIA DIVISION**

The division caters mainly to the demands of Auto Mobile and Refractory sectors, and the demand from these sectors is weak. The prices of Phenol a critical raw material for this division, depends on the price of crude oil which is highly fluctuating. The division is now planning to produce Resin used in rubber based industry. Your Directors hope that this division may improve with the gradual improvement in total economy.

OPPORTUNITIES AND THREATS

Calcium Sennocide is approved by USFDA and there is a reasonable certainty of bulk orders from overseas from time to time. New Phyto products as and when commercially launched will further increase the revenues. Southern Synthetics and Claro India divisions continue to face the challenges arising out of the restrictions and Ban in the use of their products by USA and European Countries. However, frequent power cut and rationing in power supply has compelled your Company to run all the plants by D. G. Sets, which is uneconomical. Unstable economic conditions and rising power cost may squeeze the margin and overall profitability of the Company.

DIRECTORS' REPORT — (Contd.)**OUTLOOK**

The upgradation made in the Research and Development Laboratory will further improve the quality of our Phytochemical products. Commissioning of Glass Lined Reactors in PCBS Urea / PTS Urea and Tolbutamide / Chlorpropamide / Metformin Hydrochloride plants would help in expediting certification of these products by different regulatory authorities. The outlook for Formaldehyde, Hexamine and industrial Resin are not much encouraging.

RISKS AND CONCERNS

Uncertainty in the behaviour of crude oil prices, volatility in the exchange rate of US Dollar against Indian Rupee, substantial increase in input cost of raw materials and utilities and restriction imposed on Power and unscheduled power cuts are serious concerns.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control in all operational areas. The Company comply with laws and regulations from time to time. Independent Chartered Accountants Firms carry out the internal audit of all divisions of the Company. The Audit Committee at their meeting considers the comments, if any in internal Audit Reports and devises ways and means to implement the suggestions.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company constantly endeavours to provide opportunities for development of Human talent. Cordial Relations, Personal Touch and recreational facilities are made available for all around development of Employees and floor level work force.

CAUTIONARY STATEMENT

Projection and assessment made herein before may be considered forward looking within the meaning of applicable laws, but actual results may differ materially from such expectations, projections etc. whether express or implied due to unforeseen reasons and circumstances. Important factors that could make a difference to the Company's operations include global and domestic demand – supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Readers are advised to use their own judgment.

DIRECTORATE

Smt. Prabhawati Devi Kothari and Sri Ajit Khandelwal, retire from the Board by rotation and being eligible, offer themselves for re - election. A brief particulars of these Directors, as required under the Corporate Governance has been given in the Statement of Corporate Governance published along with this Annual Report.

DIRECTORS' REPORT — (Contd.)**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors 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 profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

PARTICULARS OF EMPLOYEES

The provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956 are not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information related to above pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed herewith and forming part of this Report.

CORPORATE GOVERNANCE

A Report on the Corporate Governance Code along with a certificate from the Auditors of the Company regarding its compliance under Clause 49 of the Listing Agreement with Stock Exchanges is annexed herewith and forming a part of this Report.

INDUSTRIAL RELATIONS

The Directors wish to place on record their appreciation for the services rendered by all categories of employees of the Company. Employer – Employee relation was cordial and in good harmony during the year under report.

DIRECTORS' REPORT — (Contd.)**LISTING OF SHARES**

Your Directors confirm that the Annual Listing Fee has been regularly paid to the Calcutta Stock Exchange, where the shares of the Company are listed.

AUDITORS' REPORT

As regards notes to the Accounts referred to in the Auditors' Report under Note No. 28.03, your Directors state that in spite of negative networth of the investment, the working of Vidhyasagar Industries Private Limited is improving and at this stage no further provision is considered necessary.

COST AUDITOR

The name of Mr. M. Kannan, Cost Accountant has been proposed to the Central Government for his appointment as Cost Auditor for conducting cost audit in respect of bulk drugs at Phytochemicals Division and Chemicals (Organic & Inorganic) at Southern Synthetic & Claro India Division for the financial year ending on 31st March, 2013.

Pursuant to Cost Audit (Report) Rules, 2001, the Cost Audit Report for the financial year 2010 – 2011 was filed on 23rd September, 2011 on the MCA website vide SRN No. B21048483 in respect of Bulk Drugs of Madurai Phytochemicals Division.

AUDITORS

Messrs Dutta, Ghosh & Associates, Chartered Accountants, 4 Ripon Street, Kolkata, the Auditors of the Company retire at this meeting, but being eligible offer themselves for re - appointment.

M/s Singhi & Co., Chartered Accountants, the Branch Auditors for Phytochemicals Division at Madurai and M/s Srikanth & Shanthi Associates, Chartered Accountants, the Branch Auditors for Southern Synthetics Division at Ranipet as well as for Claro India Division at Gummidipoondi, retire at this meeting but being eligible offer themselves for re - appointment.

A certificate under sub - section (1 - B) of Section 224 of the Companies Act, 1956 have been obtained from each of them.

Kolkata
28th May, 2012

On behalf of the Board.

A. K. Kothari
Chairman

ANNEXURE

STATEMENT UNDER SECTION 217(1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

(A) CONSERVATION OF ENERGY :
FORM 'A'
PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2011 – 2012	2010 – 2011
A. POWER & FUEL CONSUMPTION		
1. Electricity :		
a) Purchased :		
Units (Kwh)	843,408	827,916
Total Amount (₹)	5,631,391	5,588,134
Rate / Unit (₹)	6.68	6.75
b) Own Generation :		
Through Diesel Generator		
Units (Kwh)	224,674	157,677
Unit / Ltr of Diesel Oil	1.32	1.21
Cost / Unit (₹)	15.57	14.89
c) Diesel Oil :		
Quantity (Ltrs.)	170,045	130,693
Total Amount (₹)	6,781,133	4,334,029
Average Rate (₹)	39.88	33.16
2. Other / Internal Generation (Firewood, Saw Dust & Paddy Husk) :		
Quantity (Kgs.)	1,200,282	707,580
Total Cost (₹)	7,892,484	3,983,909
Average Rate (₹)	6.58	5.63
B. CONSUMPTION PER UNIT OF PRODUCTION		
1 Calcium Sennocide		
Production (Kgs.)	30,505	21,265
Electricity Unit (including own generation) (units per Kg.)	12.81	10.00
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	7.25	1.48

ANNEXURE (Contd.)
2 Brucine / Strychnine

Production (Kgs.)	3,480	6,250
Electricity Unit (including own generation) (units per Kg.)	39.51	36.00
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	22.93	10.85

3 Tolbutamide / Chloropropamide

Production (Kgs.)	15,223	24,663
Electricity Unit (including own generation) (units per Kg.)	8.32	5.00
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	4.26	1.06

4 Formaldehyde

Production (M/T)	3,568	3,923
Electricity Unit (including own generation) (units per M/T)	44.40	35.05
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	49.05	32.28

5 Hexamine

Production (M/T)	144	270
Electricity Unit (including own generation) (units per M/T)	393.10	303.30
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	204.10	172.22

6 Phenolic Resin

Production (M/T)	1,599	1,372
Electricity Unit (including own generation) (units per M/T)	123.78	149.42
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	394.00	298.10

FORM 'B'
(B) TECHNOLOGY ABSORPTION :
1. RESEARCH AND DEVELOPMENT :

a) Specific area in which Research & Development carried out by the Company :-

i) Phytochemicals Division

: Agitated Nutsche Filter, a closed filtration system, has been installed and is being commissioned in Calcium Sennocide plant. Lab / Pilot plant trials are being conducted for New Phyto products Project.

Glass Lined Reactor have been installed and commissioned in PCBS Urea / PTS

ANNEXURE (Contd.)

Urea and Tolbutamide / Chlorpropamide / Metformin Hydrochloride plants.

SS 316 Blender has been installed and commissioned in PCBS Urea / PTS Urea plant and another Blender commissioned for dedicated use of Metformin HCL.

Drug Master file on our products Chlorpropamide, Tolbutamide and Metformin Hydrochloride have been submitted to FDA which has allotted Registration numbers. Besides, SOPs, Validation and other related documentation are being reviewed and updated as per the regulatory norms.

ii) Southern Synthetics / Claro India Division: Continuous efforts are being made to improve the input-output norms.

b) Benefit derived as a result of above Research & Development :-

Phytochemicals Division

: By commissioning Agitated Nutsche Filter system in Calcium Sennoside plant, US FDA norm is being complied with. This closed filtration system will also prevent release of methanol vapours, during filtration, thus improving working environment and controlling the Volatile Organic Chemicals in the ambient air inside the premises as per the stipulation of Pollution Control Board.

Glass Lined Reactors in the final stage of production prevents contamination of final product by rust / black particles and extraneous impurities.

Commissioning of Glass Lined Reactors in PCBS Urea/PTS Urea and Tolbutamide/ Chlorpropamide/Metformin Hydrochloride plants, comply with the norms stipulated by regulatory agencies. This would help in expediting certification of our products by regulatory agencies.

ANNEXURE (Contd.)

c) Future course of action :-

i) Phytochemicals Division

: Completion of Lab / Pilot plant trials of other New Phyto products.

Commercial production of couple of New Phyto products.

Efforts are being made to expedite certification of our products by US FDA.

The old Cooling Tower catering to Synthetic plant is being revamped and improved upon.

Similarly, the old Cooling Tower of Nuxvomica plant is being revamped to improve the performance.

ii) Southern Synthetics / Claro India Division: Future is uncertain due to power cut and restriction on Drawing the sanctioned Power Load.

d) Expenditure on Research & Development

: R & D Expenditure remains merged with various heads, as per the established accounting practices.

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :

Adopting latest technology by keeping track on latest developments world wide.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Exports

: Increase in export earnings in comparison to last year.

2. Export Plan

: Commissioning of Commercial production of New Phyto products will generate more Foreign Exchange earnings.

3. Total Foreign Exchange earned and used :

		2011 - 2012 ₹	2010 - 2011 ₹
Earnings	:	1311.08 Lacs	1102.73 Lacs
Outgo	:	0.59 Lacs	0.27 Lacs

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

1. Company's Philosophy on Code of Governance

The process is going on to achieve good Governance which will reflect transparency, accountability and responsibility while dealing with stakeholders, customers to ensure long term wealth for shareholders and the corporate. The Company is firmly committed to transparency, accountability and equity in all facets of its operations. The Company endeavours to ensure higher standards of ethical conduct.

2. Board of Directors
(a) Composition

The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49 (I) (A) of the Listing Agreement.

The Board of Directors comprises of six Directors consisting one Non - Executive Chairman, two Non - Executive and three Independent Directors.

The Non Executive Directors are eminent professionals taking independent judgment in the Board's deliberations and decisions.

The particulars of their other Directorship and Chairmanships / Memberships in the Board of other Companies and the Committees thereof as on 31st March, 2012 are as under: -

Name of Director	No. of other Directorship in Public Limited Companies Incorporated in India	No. of Other Committee # Positions held	
		As Chairman	As Member
Sri A.K.Kothari	7	1	4
Smt. P.D.Kothari	5	-	1
Sri S.Bagri	-	-	-
Sri A.Khandelwal	5	-	5
Sri A. Agarwal	2	-	-
Sri K.C.Mohta	2	-	-

Committee means Audit Committee and Shareholders'/ Investors' Grievance Committee in all Public Limited Companies have been considered.

(b) Attendance of Directors at the Board Meetings and last AGM

During the financial year 2011 - 2012, the Board met five times on 13th May, 2011, 12th August, 2011, 22nd September, 2011, 15th November, 2011 and 13th February, 2012.

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Details of attendance of Directors at Board Meetings and last Annual General Meeting are as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM on 13.12.2011
Sri A. K. Kothari	Non-Executive Chairman	5	No
Smt. P. D. Kothari	Non-Executive	5	No
Sri S. Bagri	Non-Executive, Independent	5	Yes
Sri A. Khandelwal	Non-Executive, Independent	5	No
Sri A. Agarwal	Non-Executive, Independent	2	Yes
Sri K. C. Mohta	Non-Executive	5	Yes

3. Committees of the Board
(a) Audit Committee

The Committee consists of three members, with the majority being independent directors having financial and accounting knowledge. The members of the Committee are Sri S. Bagri, Chairman, Sri A. K. Kothari and Sri A. Khandelwal, members.

The Audit Committee met five times during year under review, on 13th May, 2011, 12th August, 2011, 22nd September, 2011, 15th November, 2011 and 13th February, 2012.

The details of attendance of each member at these meetings are as follows: -

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	5
Sri A. K. Kothari	5
Sri A. Khandelwal	5

At the invitation of the Company, Statutory Auditors and Internal Auditors also attended the Audit Committee meetings.

The role and terms of reference of the Audit Committee cover the matters specified for it under clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

(b) Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee comprises of Sri A. Khandelwal, Chairman, Smt. P. D. Kothari and Sri K. C. Mohta, members. The Company Secretary acts as the Compliance Officer. During the year ended 31st March, 2012, the Committee met two times on 13th May, 2011 and 28th March, 2012 and all the members attended the meeting.

During the year, there were no complaints received from the Investors, nor any share transfer pending as on 31st March, 2012.

REPORT ON CORPORATE GOVERNANCE – (Contd.)
4. Details of Remuneration / Fees paid to Directors

Name	Commission* ₹	Board Fees ₹	Committee Fees ₹		Total ₹
			Audit	Shareholders/ Investors' Grievance	
Sri A. K. Kothari – Chairman	50,000	5,000	5,000	–	60,000
Smt. P. D. Kothari	50,000	5,000	–	2,000	57,000
Sri S. Bagri	50,000	5,000	5,000	–	60,000
Sri A. Khandelwal	50,000	5,000	5,000	2,000	62,000
Sri A. Agarwal	50,000	2,000	–	–	52,000
Sri K. C. Mohta	50,000	5,000	–	2,000	57,000

* The commission for the year ended 31st March, 2012 will be paid to the Directors, subject to deduction of tax after adoption of accounts by the shareholders at the ensuing Annual General Meeting.

(5) General Body Meetings

(a) Location and time of last three Annual General Meetings (AGM):

Financial Year	Date of AGM	Venue	Time
2010-2011	13.12.2011	Indian Chamber of Commerce 4, India Exchange Place, Kolkata-700 001	3.00 P.M.
2009-2010	21.09.2010	– Do –	3.00 P.M.
2008-2009	29.07.2009	– Do –	3.30 P.M.

(b) No Special Resolution was passed by the Company at the Annual General Meeting held on 13th December, 2011 as well as earlier two years also.

(c) During the year ended 31st March, 2012, no resolution was passed through postal ballot. The Company does not propose to pass any resolution through Postal Ballot in the ensuing AGM.

(d) Information about Directors proposed to be re - appointed as required under Clause 49 (IV) (i) of the Listing Agreement with the Stock Exchange is furnished below:

Brief Resume and other particulars of the Directors seeking Appointment / Re - appointment.

(1) **Smt. Prabhawati Devi Kothari**, aged about 55 years, is a commerce graduate. She is an industrialist having rich experience in the field of Tea, Salt and Textiles. She has expertise in business and management. Details of her other Directorships are as follows :-

Sl. No.	Name of Company	Nature of Office
1.	Gillanders Arbuthnot & Company Limited	Director
2.	Bharat Fritz Werner Limited	Director
3.	Vishnuhari Investments & Properties Limited	Director

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Sl. No.	Name of Company	Nature of Office
4.	Bhaktwatsal Investments Limited	Director
5.	M. D. Kothari & Company Limited	Director
6.	G. Das & Company Private Limited	Director
7.	Satkriti Properties Private Limited	Director

(2) **Sri Ajit Khandelwal**, aged about 55 years, has been on the Board of the Company since August 1996 and has vast experience in business and capital market. Details of his other Directorships are as follows :-

Sl. No.	Name of Company	Nature of Office
1	BNK Capital Markets Limited	Managing Director, Member of Shareholders / Investor Grievances & Transfer Committee
2	Nucent Estate Limited	Director and Member of Audit Committee, Investor Grievance Committee
3	Ellenbarrie Industrial Gases Limited	Director and Member of Remuneration Committee
4	Bharat Fritz Werner Limited	Director
5	The Calcutta Stock Exchange Limited	Director
6	Patrex Vyapar Private Limited	Director
7	BNK Securities Private Limited	Director
8	BNK Commodities Private Limited	Director
9	Asian Securities Exchange Private Limited	Director
10	Multiple Infra Private Limited	Director
11	Abacus Funds Services Private Limited	Director

6. Disclosures

- **Disclosures on materially significant related party transactions, i. e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.**

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the details of related parties and transactions are disclosed in Note 28.05 to the Notes on Financial Statements for the year ended 31st March, 2012 to the Accounts.

REPORT ON CORPORATE GOVERNANCE – (Contd.)

- Details of non - compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.

7. Means of Communication

- The quarterly / half yearly financial results are prepared in the proforma prescribed under the Listing Agreement and are approved by the Board of Directors and published in one of the prominent business dailies in English and a regional newspaper i.e. Bengali.
- The Company is in the process of developing the website for making official news releases.
- Management Discussion and Analysis forms part of this Annual Report.

8. General Shareholders' Information

Date, time & venue of the Annual General Meeting	17th August, 2012 at 3.00 P.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001	
Financial Calendar 2012-2013 (tentative and subject to change)	<ul style="list-style-type: none"> ● Financial Year ● First Quarter Results ● Second Quarter & Half Yearly Results ● Third Quarter Results ● Audited Annual Results for the year ending 31st March 2013 	<ul style="list-style-type: none"> April to March Second week of August 2012 Second week of November 2012 Second week of February 2013 Last week of May 2013
Dividend Payment Date	After 17th August, 2012	
Book Closure Period	10th August, 2012 to 17th August, 2012	
Stock Code	CSE : Physical – 21160 Demat – 10021160	
NSDL / CDSL – ISIN No.	INE264E01016.	
Listing at Stock Exchange	The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata-700 001 Listing Fees for the year 2012-2013 has been paid to the Stock Exchange.	
Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	N.A	

REPORT ON CORPORATE GOVERNANCE – (Contd.)
Distribution of shareholding as on 31st March, 2012

Ordinary Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 – 500	2775	98.65	16181	0.42
501 – 1000	11	0.39	8688	0.22
1001 – 5000	10	0.36	31747	0.82
5001 – 10000	4	0.14	31914	0.82
10001 – 50000	2	0.07	55040	1.42
50001 – 100000	–	–	–	–
Above 100000	11	0.39	3739605	96.30
Total	2813	100	3883175	100

Shareholding pattern as on 31st March, 2012

Category	No. of Shares Held	% of Shares Held
Indian Promoters	2829545	72.87
Nationalised Banks & Mutual Funds	3200	0.08
NRI / OCBs	4084	0.11
Public	1046346	26.94
Total	3883175	100.00

Stock Market Price : Shares of the Company were not traded in the Stock Exchange during the year. Accordingly, comparison of the Company's Shares with BSE Sensex could not be given.

Registrars & Share Transfer Agent : M/s Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Ph: (033) 2243-5809/5029
Fax: 91-33-2248-4787
Email: mdpl@cal.vsnl.net.in

Share Transfer System : Requests for transfer of shares in physical form are registered and returned within 30 days of lodgement thereof, if the documents are complete in all respects. The Registrars & Share Transfer Agent processes the shares lodged for transfer and the Compliance Officer then monitors and approves the transfer of shares and reports the status of shares transferred to the Company's Board at each of its meetings. The Company also offers the facility of Transfer – cum - Demat to its shareholders. Dematerialisation requests are normally disposed off within an average period of three weeks.

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Dematerialisation of Shares and Liquidity : The Company has entered into Agreements with both the Depositories registered under the Depositories Act, 1996, i. e. NSDL and CDSL to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996. As on 31st March 2012, shares representing total Ordinary Share Capital of the Company were held as under:

	No. of Shares	Percentage of Total Capital
In Dematerialised form	37,89,100	97.58%
In Physical form	94,075	2.42%
	<u>38,83,175</u>	<u>100%</u>

Address for Correspondence : **The Company Secretary**
 Kothari Phytochemicals & Industries Limited
 C - 4, Gillander House, 8 N. S. Road, Kolkata – 700 001
 Phone No: 91-33-2230-2331 (6 lines)
 Fax: 91-33-2242-6195
 E.Mail: mldaga1957@yahoo.co.in

Plant Locations :

- (A) **Phytochemical Division (Factory)**
 Nagari, Thanichchiam Post – 625 221
 Madurai, Tamilnadu
- (B) **Southern Synthetics Division (Factory)**
 Plot No. 14, SIPCOT Industrial Complex
 Ranipet, Tamilnadu
- (C) **Claro India Division (Factory)**
 B-7, SIPCOT Industrial Complex,
 Gummidipoondi -601 201, Tamilnadu

DECLARATION

As provided under Clause 49 of the Listing Agreement with Stock Exchange, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the financial year ended on 31st March 2012.

For and on behalf of the Board

Place : Kolkata
 Dated : 28th May, 2012

A. K. Kothari
 Chairman

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of

Kothari Phytochemicals & Industries Limited

We have reviewed the compliance of conditions of Corporate Governance by Kothari Phytochemicals & Industries Limited for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the relevant records and documents maintained by the Company furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, we certify that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange have been complied with in all material respects by the Company.

Kolkata, 28th May, 2012

A. K. Basak
 Partner
 Membership Number-10240
 For and on behalf of
Dutta Ghosh & Associates
 Chartered Accountants
 Firm Registration No. 309088E

FIVE YEAR FINANCIAL HIGHLIGHTS

₹ '000

	2008	2009	2010	2011	2012
SHARE CAPITAL	38372	38372	38372	38832	38832
RESERVE & SURPLUS	224181	231528	246006	244874	261944
SHAREHOLDERS' FUND (Equity)	262553	269900	284378	283706	300776
LOAN FUND (DEBT)	21504	32979	27763	65209	31490
DEFERRED TAX LIABILITY/(ASSET)	575	2088	2844	(18,942)	(7,451)
FIXED ASSETS (NET)	46874	67191	71171	94714	96273
INVESTMENTS	81683	84826	109061	82684	91503
NET CURRENT ASSETS	156075	152950	134753	152575	137039
NET ASSETS EMPLOYED	284632	304967	314985	348915	332266
SALES	176438	112494	155936	261395	287398
PROFIT (LOSS) BEFORE TAX	58369	15904	24799	69817	38331
PROFIT (LOSS) AFTER TAX	51997	14082	23426	86603	23840
DIVIDEND DISTRIBUTED *	6734	6734	8949	4513	6770
RETAINED EARNINGS FOR THE YEAR	10162	7509	4486	495	7565
EQUITY DIVIDEND %	15	15	20	10	15
EARNINGS PER EQUITY SHARE	13.55	3.67	6.11	22.30	6.14
SHAREHOLDERS' FUND PER EQUITY SHARE	68.42	70.34	74.11	73.06	77.46
DEBT/ EQUITY RATIO	0.08:1	0.12:1	0.10:1	0.23:1	0.10:1

* Inclusive of Dividend Tax

AUDITORS' REPORT
TO THE MEMBERS OF KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Kothari Phytochemicals & Industries Limited as at 31st March, 2012, the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. The reports on the audits of Phytochemicals Division by Messrs Singhi & Co., Southern Synthetics Division and Claro India Division by Messrs Srikanth & Shanthi Associates, have been forwarded to us as required by Clause (c) of sub - section (3) of Section 228 of the Companies Act, 1956 of India (the Act), and have been considered in preparing our report.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. Those 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the Order) issued by the Central Government of India in terms of Sub - section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - 4.1 (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - 4.2 (a) The inventory of the Company at all its locations have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

AUDITORS' REPORT – (Contd.)

- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records, were not material.
- 4.3 The Company has neither granted nor taken loans, secured or unsecured, to and from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (b) to (d) and (f) to (g) of the Clause (iii) of Paragraph 4 of the aforesaid Order are not applicable.
- 4.4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The Company does not render any services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- 4.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
- 4.6 The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
- 4.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 4.8 We have broadly reviewed the books of account maintained by the Company in respect of its Phytochemicals Division where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub - section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

AUDITORS' REPORT – (Contd.)

- 4.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing during the year, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income - Tax, Sales - Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess as at 31st March, 2012, which have not been deposited on account of dispute other than Sales Tax dues as set out below :

Name of Statute	Nature of Dues	Amount ₹	Period of which the amount related	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	3,22,570	1986 – 89	The Tamil Nadu Taxation special Tribunal as per directions of the High Court at Madras

- 4.10 The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 4.11 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or banks as at the balance sheet date. The Company had neither any outstanding debentures at the beginning of the year nor has it issued any debentures during the year.
- 4.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 4.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- 4.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 4.15 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

AUDITORS' REPORT – (Contd.)

- 4.16 The Company did not have any term loans outstanding during the year.
- 4.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on short - term basis, which have been used for long - term investment.
- 4.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 4.19 The Company has not issued any secured debentures and accordingly the provisions of clause (xix) of paragraph 4 of the Order are not applicable to the Company.
- 4.20 The Company has not raised any money by public issue during the year.
- 4.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
5. Further to our comments in paragraph 4 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub - section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub - section (1) of Section 274 of the Act; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give, *subject to Note 28.03 on the Notes on Financial Statements for the year ended 31st*

AUDITORS' REPORT – (Contd.)

March, 2012 regarding non provision in respect of year - end shortfall (with corresponding effect on the year - end net assets and the year's profit, the extent of which is not currently ascertainable) pertaining to investment of ₹ 18,00,000 (Net of Provision of ₹ 27,00,000) in a Company, a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

A. K. Basak
Partner

Membership Number-10240
For and on behalf of

Dutta, Ghosh & Associates
Chartered Accountants
Firm Registration No. 309088E

Kolkata, 28th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31st March, 2012		As at 31st March, 2011	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Fund					
Share Capital	1	38,831,750		38,831,750	
Reserves and Surplus	2	<u>261,944,651</u>		<u>244,874,020</u>	
			300,776,401		283,705,770
Non - Current Liabilities					
Long Term Provisions	3		1,797,939		3,297,817
Current Liabilities					
Short Term Borrowings	4	31,490,477		65,208,890	
Trade Payables	5	23,512,618		30,421,958	
Other Current Liabilities	6	6,500,878		9,103,885	
Short Term Provisions	7	<u>6,769,685</u>		<u>4,513,124</u>	
			68,273,658		109,247,857
TOTAL			<u>370,847,998</u>		<u>396,251,444</u>
ASSETS					
Non - Current Assets					
Fixed Assets - Tangible	8	96,273,093		94,713,728	
Non - Current Investments	9	77,754,949		70,822,307	
Deferred Tax Assets (Net)	10	7,451,245		18,941,651	
Long Term Loans and Advances	11	<u>9,065,254</u>		<u>9,197,644</u>	
			190,544,541		193,675,330
Current Assets					
Current Investments	12	13,748,459		11,861,995	
Inventories	13	62,958,432		49,735,078	
Trade Receivables	14	29,179,576		61,917,576	
Cash and Bank Balances	15	46,232,955		50,204,213	
Other Current Assets	16	2,850,348		3,035,033	
Short Term Loans and Advances	17	<u>25,333,687</u>		<u>25,822,219</u>	
			180,303,457		202,576,114
TOTAL			<u>370,847,998</u>		<u>396,251,444</u>

Significant Accounting Policies
Notes on Financial Statements 1 to 28

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

The Notes referred to above form an integral part of the Balance Sheet.

A.K.Basak
Partner
Membership Number-10240
For and on behalf of
Dutta, Ghosh & Associates
Chartered Accountants
Kolkata,
28th May, 2012
Firm Registration No. 309088E

M. L. Daga
CFO & Secretary

A. K. Kothari
Chairman

P. D. Kothari
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012

	Note	2011-2012	2010 - 2011
		₹	₹
INCOME :			
Revenue from Operations	18	275,571,894	258,352,854
Other Income	19	30,841,296	51,627,954
Total Revenue		<u>306,413,190</u>	<u>309,980,808</u>
EXPENDITURE :			
Cost of Materials Consumed	20	168,618,841	136,810,415
Purchases of Stock - in - Trade	21	1,474,095	10,940,965
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	2,597,035	6,954,353
Employee Benefits Expense	23	21,202,185	20,685,391
Finance Costs	24	1,466,075	4,039,102
Depreciation and Amortisation Expense	25	10,994,921	10,665,962
Other Expenses	26	61,729,316	50,067,670
Total Expenses		<u>268,082,468</u>	<u>240,163,858</u>
PROFIT BEFORE TAXATION		<u>38,330,722</u>	<u>69,816,950</u>
PROVISION FOR TAX :			
Current Tax		(3,000,000)	(6,000,000)
Deferred Tax		(11,490,406)	21,785,963
Taxation adjustments of earlier years (net)		-	1,000,000
PROFIT FOR THE YEAR		<u>23,840,316</u>	<u>86,602,913</u>
Earning per Ordinary Share of Rs. 10/- each			
Basic and Diluted	27	6.14	22.30
Significant Accounting Policies Notes on Financial Statements	1 to 28		

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

The Notes referred to above form an integral part of the Statement of Profit and Loss

A.K.Basak
Partner
Membership Number-10240
For and on behalf of
Dutta, Ghosh & Associates
Chartered Accountants
Kolkata,
28th May, 2012
Firm Registration No. 309088E

A.K.Basak
Partner
Membership Number-10240
For and on behalf of
Dutta, Ghosh & Associates
Chartered Accountants
Firm Registration No. 309088E

M. L. Daga
CFO & Secretary

A. K. Kothari
Chairman

P. D. Kothari
Director

On behalf of the Board

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011 – 2012		2010 – 2011		
	₹	₹	₹	₹	
A. Cash Flow from Operating Activities :					
Profit before Tax and Extraordinary/ Non-recurring items		38,330,722		69,816,950	
Adjustments for :					
Depreciation and Amortisation		10,994,921		10,665,962	
Loss on Sale/Discard of Fixed Assets (Net)		39,048		215,875	
Income from Investments (Dividend)		(25,326,461)		(19,026,636)	
Profit on Sale of Investments		(606,485)		(3,548,312)	
Irrecoverable Debts/Advances written off		9,784,195		1,022	
Interest (Net)		(1,510,709)		3,871,202	
Liability no longer required written back		(433,402)	(7,058,893)	(310,551)	(8,131,438)
Operating Profit before Working Capital Changes		31,271,829		61,685,512	
Adjustments for :					
Trade and Other Receivables		24,520,503		(23,956,023)	
Inventories		(13,223,354)		3,602,931	
Trade Payables		(7,491,429)	3,805,720	20,693,654	340,562
Cash Generated from Operations		35,077,549		62,026,074	
Direct Taxes - (Payments) / Refunds		(2,543,742)	(2,543,742)	(4,644,629)	(4,644,629)
Net Cash (Used in) / From Operating Activities		32,533,807		57,381,445	
B. Cash Flow From Investing Activities :					
Purchase of Fixed Assets		(13,335,488)		(6,208,509)	
Proceeds from Sale of Fixed Assets		742,154		-	
Dividend Received		25,326,461		19,026,636	
Purchase of Investments		(15,249,630)		(23,749,356)	
Proceeds from Sale of Investments		7,037,009		31,673,935	
Interest Received		1,759,435		1,044,803	
Increase(Decrease) in Loan		-		1,500,000	
Net Cash From Investing Activities		6,279,941		23,287,509	

CASH FLOW STATEMENT (Contd.)

	2011 – 2012		2010 – 2011		
	₹	₹	₹	₹	
C. Cash Flow from Financing Activities					
Net Increase/(Decrease) in Short Term Borrowings from Banks		5,695,000		(16,201,968)	
Net Increase/(Decrease) in Short Term Borrowings from Others		(39,413,413)		(12,045,665)	
Interest Paid		(4,833,339)		(4,351,152)	
Dividends Paid		(3,603,305)		(7,652,680)	
Dividend Tax Paid		(629,949)		(1,274,615)	
Net Cash From / (Used in) Financing Activities		(42,785,006)		(41,526,080)	
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		(3,971,258)		39,142,874	
Opening Cash and Cash Equivalents		50,204,213		3,499,986	
Cash and Cash Equivalents taken over on Amalgamation		-		7,561,353	
Closing Cash and Cash Equivalents		46,232,955	(3,971,258)	50,204,213	39,142,874
Cash and Cash Equivalents Comprise :					
Cash in Hand and Balances with Banks		46,232,955		50,204,213	
(As per Note - 15)					

NOTES :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
 - Previous year's figures have been regrouped/re-arranged wherever necessary.
- This is the Cash Flow Statement referred to in our report of even date.

A.K.Basak
 Partner
 Membership Number-10240
 For and on behalf of
 Dutta, Ghosh & Associates
 Chartered Accountants
 Firm Registration No. 309088E

On behalf of the Board

M. L. Daga
 CFO & Secretary

A. K. Kothari
 Chairman

P. D. Kothari
 Director

Kolkata,
 28th May, 2012

SIGNIFICANT ACCOUNTING POLICIES:
(a) Basis of preparation of accounts:

The financial statements have been prepared in accordance with the generally accepted accounting principles.

(b) Fixed Assets:

Fixed Assets are stated at cost less Depreciation. Cost includes cost of acquisition inclusive of duties, taxes, incidental expenses, erection / commissioning expenses and borrowing cost attributable to qualifying assets up to the date, the asset is put to use. An impairment loss is recognized wherever the carrying amount of the fixed asset of a cash generating unit exceeds its net selling price or value in use whichever is higher.

(c) Depreciation:

Depreciation is provided on the 'Written Down Value Method' except in case of the Company's Phytochemicals Division and Hexamine plant of Southern Synthetics Division and Claro India Division where depreciation is provided under the 'Straight Line Method' at rates indicated below.

I Head Office:-

On written down value method at the rates specified in Schedule XIV of the Companies Act, 1956 as applicable in the respective years.

II. Phytochemicals Division:-

On Straight line method at the rates as under:-

(a) For additions upto 31st March, 1987

Non – factory Building	1.638 %
Factory Building	3.392 %
Machinery and Electrical Installations	5.278 %
Tubewell and Water Works	5.278 %
Laboratory Equipment	5.278 %
Office Equipment	5.278 %
Furniture and Fittings	3.392 %

(b) On assets acquired from 1st April, 1987 at rates specified in Schedule XIV of the Companies Act, 1956 as applicable in the respective years.
III. Southern Synthetics Division:-
(a) Formaldehyde Plant:- On written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
(b) Hexamine Plant:- On straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.
IV. Claro India Division:-

On straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Leasehold land is being amortised over the period of lease.

(d) Investments:

Long term investments are stated at cost net of provision against diminution, if any, in carrying cost of investment other than decline of temporary nature.

(e) Inventories:

Inventories are valued as under:-

Raw materials	- At cost on weighted average method.
Stores and spare parts	- At cost on weighted average method.
Materials in process	- At estimated cost.
Finished goods	- At cost on weighted average method or net realizable value, whichever is lower.

(f) Foreign Currency Transaction:

Transaction in foreign currencies is recognized at rates existing at transaction date. Year – end balances of receivables / payables are translated at applicable year – end rates and resultant translation gain / loss is recognized in the Profit and Loss Account. Exchange differences, if any, relating to Fixed Assets acquired outside India are recognized in the Profit & Loss Account.

(g) Employee Benefits:
i) Defined Contribution Plans

Contributions to defined contribution schemes such as Provident Fund, etc. are charged to Statement of Profit & Loss as incurred. In respect of some employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

ii) Defined Benefit Plans

The Company has a defined benefit Gratuity Plan covering all its employees. Gratuity is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the

Balance Sheet date is provided for, based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' as at the end of the year.

iii) Other long term employee benefits

Other long term employee benefit comprises of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

(h) Research and Development:

Revenue expenditure on Research and Development is expensed in the year in which it is incurred and related Capital Expenditure is considered as addition to fixed assets.

(i) Borrowing Costs:

Borrowing Costs that are attributable to the acquisition of construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(j) Taxes on Income:

Income Tax expenses comprise current tax and deferred tax charge. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

(k) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is possible that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(l) Recognition of Income and Expenditure:

Items of income and expenditure are recognized on accrual and prudent basis.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 1	As at 31st March, 2012	As at 31st March, 2011
	₹	₹
SHARE CAPITAL :		
AUTHORISED :		
300,000 Preference Shares of ₹ 100/- each.	30,000,000	30,000,000
17,000,000 Ordinary Shares of ₹ 10/- each.	170,000,000	170,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
3,883,175 (2011 - 38,37,175) Ordinary Shares of ₹ 10/- each fully paid-up.	38,831,750	38,371,750
SHARE CAPITAL SUSPENSE		
- (2011 - 46,000) Ordinary Shares of ₹ 10/- each to be issued to the shareholders of erstwhile Claro India Limited	-	46,000
	<u>38,831,750</u>	<u>38,831,750</u>

1.1 The Company has issued Ordinary shares having a par value of ₹ 10/- per share. Each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March 2012, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 58,24,763/- (2011 ₹ 38,83,175/-).

In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after payment of Secured, Unsecured Liabilities and Other Creditors. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

1.2 The details of shareholders holding more than 5 % shares.

Name	As at 31st March 2012	As at 31st March 2011
	% held No. of Shares	% held No. of Shares
Commercial House Private Limited	21.29% 826,800	21.51% 825,200
Kothari & Company Private Limited	15.32% 594,960	15.51% 594,960
M. D. Kothari & Company Limited	14.85% 576,525	15.02% 576,525
Kothari Investment & Industries Private Limited	13.15% 510,720	13.31% 510,720
Vishnuhari Investments & Properties Limited	6.13% 238,200	6.05% 232,200

1.3 The reconciliation of the number of shares outstanding is set out below.

	As at 31st March, 2012	As at 31st March, 2011
Ordinary Shares at the beginning of the year	3,837,175	3,837,175
Add : Shares issued in accordance with the Scheme of Amalgamation without payment received in cash	46,000	-
Ordinary Shares at the end of the year	<u>3,883,175</u>	<u>3,837,175</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 2	As at 31st March, 2012		As at 31st March, 2011	
	₹	₹	₹	₹
RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet	9,193,040		3,872,854	
Add : Consequent to Amalgamation of erstwhile Claro India Limited with the Company	—		5,320,186	
		<u>9,193,040</u>		<u>9,193,040</u>
Securities Premium Account				
As per Last Balance Sheet		1,450,657		1,450,657
General Reserve				
As per last Balance Sheet	233,735,809		236,195,809	
Add : Excess of assets over liabilities consequent to amalgamation of Claro India Limited with the Company and after eliminating the carrying value of the investments.	—		22,540,000	
	<u>233,735,809</u>		<u>258,735,809</u>	
Less : Transferred to Profit and Loss Account	—		25,000,000	
	<u>233,735,809</u>		<u>233,735,809</u>	
Add : Transferred from Profit and Loss Account	10,000,000		—	
		<u>243,735,809</u>		<u>233,735,809</u>
Profit and Loss Account				
As per last Balance Sheet	494,514		(106,595,275)	
Add : Profit for the year	23,840,316		86,602,913	
Transferred from General Reserve	—		25,000,000	
	<u>24,334,830</u>		<u>5,007,638</u>	
Less : Appropriations :				
Transferred to General Reserve	10,000,000		—	
Proposed Dividend on Equity Shares [Dividend per Share ₹1.50 (2011 ₹1/-)]	5,824,763		3,883,175	
Tax on Proposed Dividend	944,922		629,949	
		<u>7,565,145</u>		<u>494,514</u>
		<u>261,944,651</u>		<u>244,874,020</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 3	As at 31st March, 2012		As at 31st March, 2011	
	₹	₹	₹	₹
LONG TERM PROVISIONS				
Provision for Employee Benefits				
– Gratuity		717,668		2,172,819
– Leave Encashment Benefit		1,080,271		1,124,998
		<u>1,797,939</u>		<u>3,297,817</u>
NOTE - 4				
SHORT TERM BORROWINGS				
Secured				
PHYTOCHEMICALS DIVISION				
Working Capital Loans				
– From Vijaya Bank				
Secured by Hypothecation of Raw Materials, Work - in - Process, Finished Goods, Stores and Spares and further secured by deposit of Title Deeds of 23.24 acres of Land situated at Nagari and Personal Guarantees of two Directors.				
		5,695,000		—
Unsecured				
Loans Repayable on Demand				
– From Related Parties				
	2,000,000		7,500,000	
– From Bodies Corporate				
	<u>23,775,000</u>		<u>57,510,000</u>	
		25,775,000		65,010,000
State Government of Tamil Nadu - Sales Tax Deferral Scheme				
		20,477		198,890
		<u>31,490,477</u>		<u>65,208,890</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -9	Face Value ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
NON - CURRENT INVESTMENTS			
<i>(Long Term Investments)</i>			
Other than Trade - At or under cost			
A. INVESTMENT IN ASSOCIATES:			
In Equity Shares - Quoted, fully paid up			
5,506,078 Gillanders Arbuthnot & Company Limited (2011 - 5,506,078)	10	51,798,615	51,798,615
TOTAL A		<u>51,798,615</u>	<u>51,798,615</u>
B. INVESTMENT IN OTHERS:			
(i) In Equity Shares - Quoted, fully paid up			
5,000 Welspun Corporation Limited (2011 - 2,500)	5	1,238,093	751,628
104 Kesoram Textile Mills Limited (2011 - 104)	2	-	-
500 Vijaya Bank Limited (2011 - 500)	10	12,000	12,000
195 Xpro India Limited (2011 - 195)	10	-	-
70,335 Albert David Limited (2011 - 70,335)	10	6,731,077	6,731,077
2,700 Century Textile & Industries Limited (2011 - 1,200)	10	1,337,368	700,428
1,500 Alstom T & D India Limited (2011 - 1,500) (Erstwhile : Areva T & D India Limited)	2	441,912	441,912
13,000 Assam Company India Limited (2011 - 10,000)	1	291,386	239,554
300 Balmer Lawrie & Company Limited (2011 - 1,200)	10	174,133	695,937
Carried Forward		<u>10,225,969</u>	<u>9,572,536</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -9 (Contd.)	Face Value ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Brought Forward			
- Cairn India Limited (2011 - 2,000)	10	-	9,572,536
6,000 Crains Software International Limited (2011 - 6,000)	2	222,976	222,976
7,500 The Dhampur Sugar Mills Limited (2011 - 5,000)	10	921,383	722,566
10,000 Electrosteel Castings Limited (2011 - 7,000)	1	469,957	356,094
5,000 First Source Solutions Limited (2011 - 5,000)	10	172,273	172,273
4,000 GMR Infrastructure Limited (2011 - 4,000)	1	291,577	291,577
5,000 India Cements Limited (2011 - 5,000)	10	651,563	651,563
700 Mcleod Russell India Limited (2011 - 2,000)	5	152,848	541,332
3,000 NCL Industries Limited (2011 - 18,975)	10	127,601	807,011
- Orient Abrasives Limited (2011 - 10,800)	1	-	301,804
- Power Grid Corporation of India Limited (2011 - 5,000)	10	-	558,463
4,298 Prism Cement Limited (2011 - 9,000)	10	223,254	467,687
- Radico Khaitan Limited (2011 - 1,300)	2	-	150,281
2,000 Rico Auto Industries Limited (2011 - 2,000)	1	58,255	58,255
Carried Forward		<u>13,517,656</u>	<u>15,458,466</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -9 (Contd.)	Face Value ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Brought Forward		13,517,656	15,458,466
5,250 Shanthi Gears Limited (2011 - 5,250)	1	244,828	244,828
- Shree Cement Limited (2011 - 300)	10	-	531,400
1,750 Vardhaman Textiles Limited (2011 - 1,750)	10	458,575	458,575
5,000 Deccan Cements Limited (2011 - Nil)	10	993,031	-
10,000 IOL Chemicals and Pharmaceuticals Limited (2011 - Nil)	10	632,380	-
600 Reliance Industries Limited (2011 - Nil)	10	623,485	-
1,500 Schneider Electric Infrastructure Limited (2011 - Nil) (Pursuant to the Scheme of Arrangement between the Company and Areva T & D India Limited)	2	-	-
TOTAL B (i)		<u>16,469,955</u>	<u>16,693,269</u>
(ii) In Equity Shares - Unquoted, fully paid up			
1,160 Tulip Tea Company Limited (2011 - 1,160)	25	9,110	9,110
15 Aaham Printers Private Limited (in Liquidation) (2011 - 15)		1	1
50,000 Satyam Financial Services Limited (2011 - 50,000)	10	501,250	501,250
60 Cimmco Limited (2011 - 60) (Erstwhile : Cimmco Birla Limited)	10	10,800	10,800
2,929 Pilani Investment & Industries Corporation Limited (2011 - 2,929)	10	8,338	8,338
Carried Forward		<u>529,499</u>	<u>529,499</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -9 (Contd.)	Face Value ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Brought Forward		529,499	529,499
350 Vardhaman Special Steels Limited (2011 - NIL) (Pursuant to the Scheme of Arrangement between the Company and Vardhaman Textiles Limited)	10	-	-
450,000 Vidyasagar Industries Private Limited (2011 - 4,50,000)	10	4,500,000	4,500,000
Less: Provision for Diminution in carrying amount of Investments		<u>(2,700,000)</u>	<u>(2,700,000)</u>
TOTAL B (ii)		<u>2,329,499</u>	<u>2,329,499</u>
(iii) In Non Convertible Debentures - Unquoted, fully paid up			
14 Cimmco Limited (2011 - 14) (Erstwhile : Cimmco Birla Limited)	66	924	924
TOTAL B (iii)		<u>924</u>	<u>924</u>
(iv) In Mutual Fund - Quoted, fully paid up			
1,55,115.6990 DSP Black Rock Small & Mid Cap Fund - Regular Plan - Growth (2011 - Nil)	10	2,554,290	-
22,295.2290 Birla Sun Life Midcap Fund - Plan A - Growth (2011 - Nil)	10	2,250,480	-
69,815.1500 Reliance Equity Opportunities Fund - Retail Plan - Growth Plan (2011 - Nil)	10	2,351,186	-
TOTAL B (iv)		<u>7,155,956</u>	<u>-</u>
TOTAL B (i to iv)		<u>25,956,334</u>	<u>19,023,692</u>
TOTAL (A + B)		<u>77,754,949</u>	<u>70,822,307</u>
Aggregate amount of quoted investments (including investments in Mutual Fund)		75,424,526	68,491,884
Aggregate amount of unquoted investments		5,030,423	5,030,423
		<u>80,454,949</u>	<u>73,522,307</u>
Less : Provision for diminution in carrying amount of investments		2,700,000	2,700,000
		<u>77,754,949</u>	<u>70,822,307</u>
Aggregate Market Value of quoted investments		388,543,551	594,170,034
Aggregate NAV of units in Mutual Fund		7,506,738	-
		<u>396,050,289</u>	<u>594,170,034</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012				
NOTE -10	₹	As at 31st	As at 31st	₹
		March, 2012	March, 2011	
DEFERRED TAX ASSETS (NET)				
Assets				
- Accrued expenses deductible on payment basis / Employee Benefits	758,757		1,211,969	
- Carry over Unabsorbed Losses	<u>16,625,175</u>		<u>27,460,207</u>	
		17,383,932		28,672,176
Less : Liabilities				
- Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act		<u>9,932,687</u>		<u>9,730,525</u>
		<u>7,451,245</u>		<u>18,941,651</u>
NOTE -11				
LONG TERM LOANS AND ADVANCES				
(Unsecured, Considered good unless stated otherwise)				
Security Deposits				
- To Related Party	2,000,000		2,000,000	
- To Others	<u>2,379,498</u>		<u>2,137,471</u>	
		4,379,498		4,137,471
Advance payment of Tax (Net of Provision) (Inclusive of Tax Deducted at Source)		3,568,641		4,024,899
Advance for Building		1,102,170		1,025,274
Other Loans and Advances		<u>67,466</u>		<u>62,521</u>
		9,117,775		9,250,165
Less: Provision for Doubtful Advances		<u>52,521</u>		<u>52,521</u>
		<u>9,065,254</u>		<u>9,197,644</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012				
NOTE -12	Face Value	As at 31st	As at 31st	₹
		March, 2012	March, 2011	
CURRENT INVESTMENTS				
Other than Trade - At Cost				
In Equity Shares - Quoted, fully paid up				
1,000 Welspun Corporation Limited (2011 - 2,500)	5	124,222	486,466	
1,700 Century Textile & Industries Limited (2011 - 1,500)	10	599,459	636,940	
2,000 Assam Company India Limited (2011 - 3,000)	1	24,695	51,832	
1,000 The Dhampur Sugar Mills Limited (2011 - 2,500)	10	38,324	198,818	
3,000 Electrosteel Castings Limited. (2011 - 3,000)	1	68,676	113,862	
2,000 GMR Infrastructure Limited (2011 - Nil)	1	60,082	-	
3,000 India Cements Limited (2011 - Nil)	10	232,829	-	
- Mcleod Russell India Limited (2011 - 2,000)	5	-	430,869	
- Power Grid Corporation of India Limited (2011 - 3,500)	10	-	338,192	
2,850 Shanthi Gears Limited (2011 - Nil)	1	110,282	-	
- Shree Cement Limited (2011 - 100)	10	-	200,164	
- Deccan Cements Limited (2011 - 5,000)	10	-	993,031	
- IOL Chemicals and Pharmaceuticals Limited (2011 - 10,000)	10	-	632,380	
Carried Forward		<u>1,258,569</u>	<u>4,082,554</u>	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -12 (Contd.)	Face Value ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Brought Forward		1,258,569	4,082,554
800 Reliance Industries Limited (2011 - 600)	10	674,252	623,485
250 ICRA Limited (2011 - Nil)	10	286,100	-
5,300 Jai Prakash Associates Limited (2011 - Nil)	2	405,343	-
5,500 Titan Industries Limited (2011 - Nil)	1	1,124,195	-
		<u>3,748,459</u>	<u>4,706,039</u>
In Mutual Fund			
- DSP Black Rock Small & Mid Cap Fund - Regular Plan - Growth (2011 - 1,55,115.6990)	10	-	2,554,290
- Birla Sun Life Midcap Fund - Plan A - Growth (2011 - 22,295.2290)	10	-	2,250,480
56,623.6990 Reliance Equity Opportunities Fund - Retail Plan - Growth Plan (2011 - 69,815.1500)	10	2,000,000	2,351,186
20,196.7160 DSP Black Rock Top 100 Equity Fund - Regular Plan - Growth (2011 - Nil)	10	2,000,000	-
57,373.9920 Fidelity Equity Fund - Growth (2011 - Nil)	10	2,000,000	-
1,23,228.5890 ICICI Prudential Focused Blue Chip Equity Fund Retail Growth (2011 - Nil)	10	2,000,000	-
1,09,537.4230 IDFC Sterling Equity Fund (2011 - Nil)	10	2,000,000	-
		<u>10,000,000</u>	<u>7,155,956</u>
Aggregate amount of quoted investments (including investments in Mutual Fund)		<u>13,748,459</u>	<u>11,861,995</u>
Aggregate Market Value of quoted investments		3,953,925	4,157,328
Aggregate NAV of units in Mutual Funds		<u>10,026,739</u>	<u>7,494,357</u>
		<u>13,980,664</u>	<u>11,651,685</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -13	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
INVENTORIES		
Raw Materials	41,382,542	24,866,455
Materials - in - Process	11,191,910	8,359,259
Finished Goods	4,187,641	9,617,327
Stores and Spare Parts	6,196,339	6,892,037
	<u>62,958,432</u>	<u>49,735,078</u>
NOTE -14		
TRADE RECEIVABLES (Unsecured, Considered good unless stated otherwise)		
Debts over six months	5,414,026	20,582,942
Other Debts	23,765,550	41,334,634
	<u>29,179,576</u>	<u>61,917,576</u>
NOTE -15		
CASH AND BANK BALANCES		
Balances with Banks #	5,623,977	29,570,326
Cash on Hand	511,478	192,075
Fixed deposits with banks	40,097,500	20,441,812
	<u>46,232,955</u>	<u>50,204,213</u>

Balance with Banks includes Unpaid Dividend of ₹ 3,49,737/- (2011 ₹ 69,867/-).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -16	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
OTHER CURRENT ASSETS		
Interest accrued on Loans and Deposits	1,370,501	153,152
Export Incentive Receivable	1,479,847	2,881,881
	<u>2,850,348</u>	<u>3,035,033</u>
NOTE -17		
SHORT TERM LOANS AND ADVANCES		
Advances to Suppliers	14,085,655	17,758,086
Balance with Customs, Central Excise Authorities	9,659,866	7,021,286
Other Loans and Advances	1,588,166	1,042,847
	<u>25,333,687</u>	<u>25,822,219</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 18	₹	2011 - 2012 ₹	₹	2010 - 2011 ₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	77,806,329		38,091,339	
Brucine Sulphate	3,173,761		13,227,798	
Strychnine Sulphate	35,776,119		44,431,349	
Tolbutamide	6,798,599		9,902,137	
Chlorpropamide	2,061,860		4,203,712	
PTS Urea	60,665		-	
Formaldehyde	38,570,773		29,101,919	
Hexamine	7,675,286		13,036,463	
Paraformaldehyde	2,804,340		2,516,906	
Phenolic Resin	112,670,520		95,233,670	
Paper & Paper Boards	-		11,649,368	
		<u>287,398,252</u>		<u>261,394,661</u>
OTHER OPERATING REVENUE				
Export Incentives	2,923,025		1,709,874	
Claims	71,962		-	
Commission Received	-		7,123,200	
Sale of Scrap	488,190		1,040,264	
		<u>3,483,177</u>		<u>9,873,338</u>
		<u>290,881,429</u>		<u>271,267,999</u>
LESS : EXCISE DUTY				
		<u>15,309,535</u>		<u>12,915,145</u>
		<u>275,571,894</u>		<u>258,352,854</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 19	2011 - 2012		2010 - 2011	
	₹	₹	₹	₹
OTHER INCOME				
Interest				
Interest on Advances, Deposits and Others - Gross		2,976,784		167,900
Dividend				
From Current Investments - Other than Trade	20,775		14,970	
From Long Term Investments - Other than Trade	25,305,686		<u>19,011,666</u>	
		25,326,461		19,026,636
Net gain on Sale of Investments				
From Current Investments - Other than Trade	197,872		2,049,004	
From Long Term Investments - Other than Trade	408,613		<u>1,499,308</u>	
		606,485		3,548,312
Other Non - Operating Income				
Consultancy Charges	-		4,096,130	
Exchange Rate Fluctuation (Net)	517,085		-	
Liabilities / Provision no longer required, written back	433,402		310,551	
Maturity Proceeds of Key Man's Insurance Policy	-		23,750,000	
Miscellaneous Income	981,079		<u>728,425</u>	
		1,931,566		28,885,106
		30,841,296		<u>51,627,954</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -20	2011 - 2012		2010 - 2011	
	₹	₹	₹	₹
COST OF MATERIALS CONSUMED				
Senna Leaves and Pods		13,626,477		4,594,951
Methanol and Spirit		9,183,286		3,672,955
Nuxvomica Bark and Seeds		18,967,961		15,808,252
N. Propyl Amine		99,918		130,823
Remax		1,824,371		2,701,161
PTS Amide		1,441,304		1,382,568
Methanol		41,743,673		36,037,467
Ammonia		2,851,719		3,673,395
ISO Propanol		179,438		-
N. Butylamine		528,847		548,395
P. C. B. S. Amide		955,776		-
Phenol		65,714,278		58,565,186
DEG		461,511		1,008,687
Others		11,040,282		8,686,575
		168,618,841		<u>136,810,415</u>

NOTE -21
PURCHASES OF STOCK - IN - TRADE

Calcium Sennocide	1,474,095	-
Formaldehyde	-	200,663
Paper & Paper Boards	-	10,740,302
	1,474,095	<u>10,940,965</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 22	2011 - 2012		2010 - 2011	
	₹	₹	₹	₹
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE				
Finished Goods				
Opening Inventories	9,617,327		3,108,481	
Closing Inventories	<u>4,187,641</u>		<u>9,617,327</u>	
Net (Increase) / Decrease		5,429,686		(6,508,846)
Materials - in - Process				
Opening Inventories	8,359,259		21,822,458	
Closing Inventories	<u>11,191,910</u>		<u>8,359,259</u>	
Net (Increase) / Decrease		<u>(2,832,651)</u>		<u>13,463,199</u>
		<u>2,597,035</u>		<u>6,954,353</u>
NOTE -23				
EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus		19,399,270		16,871,332
Contribution to Provident and Other Funds		1,310,704		3,252,099
Workmen and Staff Welfare Expenses		<u>492,211</u>		<u>561,960</u>
		<u>21,202,185</u>		<u>20,685,391</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -24	2011 - 2012	2010 - 2011
	₹	₹
FINANCE COSTS		
Interest Expenses	1,466,075	4,039,102
	<u>1,466,075</u>	<u>4,039,102</u>
NOTE -25		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	10,982,169	10,653,210
Amortisation	<u>12,752</u>	<u>12,752</u>
	<u>10,994,921</u>	<u>10,665,962</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 26	2011 - 2012		2010 - 2011	
	₹	₹	₹	₹
OTHER EXPENSES				
Manufacturing Expenses				
Consumption of stores and spare parts	4,053,267		3,672,695	
Power and Fuel	20,580,217		14,131,949	
Repairs to Buildings	770,599		5,278,672	
Repairs to Machinery	5,141,561		3,707,433	
Repairs to Other Assets	449,631		826,422	
		30,995,275		27,617,171
Selling and Distribution Expenses				
Freight, Shipping, Delivering and Selling Expenses	5,473,922		5,971,113	
Selling Agents' Commission (Other than Sole Selling Agents)	1,706,325		888,332	
Sales Promotion Expenses	27,314		25,860	
		7,207,561		6,885,305
Establishment Expenses				
Rent	432,865		499,856	
Rates and Taxes	1,250,096		709,769	
Bank Charges	544,358		293,497	
Travelling and Conveyance Expenses	2,175,893		2,271,236	
Postage, Telegram and Telephone	618,001		810,814	
Printing and Stationery	465,254		401,926	
Subscription	118,566		114,709	
Insurance	775,292		583,981	
Motor Vehicle Expense	572,031		546,606	
Directors' Sitting Fees	48,000		39,000	
Directors' Commission	300,000		-	
Research and Development Expenses	1,470,202		1,160,552	
Exchange Rate Fluctuations (Net)	-		731,731	
Legal and Professional Fee	2,580,089		2,288,987	
Internal Audit Fees	55,150		44,120	
Loss on Sale of Fixed Assets	7,819		-	
Obsolete and Discarded Assets Written Off	31,229		215,875	
Bad Debts and Sundry Balances Written off	9,784,195		1,022	
Donation	-		3,000,000	
Miscellaneous Expenses	1,895,416		1,484,777	
		23,124,456		15,198,458
Payment to Auditors				
Auditor	170,000		170,000	
For Other Services	150,229		137,907	
For Reimbursement of Expenses	51,582		31,148	
For Service Tax	30,213		27,681	
		402,024		366,736
		61,729,316		50,067,670

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -27	2011 - 2012	2010 - 2011
EARNING PER ORDINARY SHARE		
BASIC AND DILUTED		
Number of Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Number of Ordinary Shares at the end of the year	3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	A 3,883,175	3,883,175
Nominal value of each Ordinary Share (₹)	10	10
Profit after Tax (₹)	B 23,840,316	86,602,913
Earning Per Share (Basic and Diluted) (₹)	(B/A) 6.14	22.30

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -28	2011 – 2012	2010 – 2011
	₹	₹
28.01 Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of advance ₹ 4,15,000/- (2011 ₹ 1,93,750/-)]	19,19,500	38,28,997
28.02 Claims against the Company not acknowledged as debts:		
Sales Tax under dispute	3,22,570	3,22,570
Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317
Bank Guarantees and Letters of credit	Nil	3,36,875
Customs duty liability against import of Raw Materials Under License Scheme in the unlikely event of non fulfillment of export obligation. However, the Validity period for these Advance Licenses have not yet expired as on the Balance Sheet date.	Nil	6,92,973
28.03 Investments include ₹ 45,00,000/- in shares of Vidhyasagar Industries Private Limited, which has a negative net worth and an amount of ₹ 27,00,000/- was provided in the earlier year for its diminution. The extent of diminution, other than temporary, in carrying amount of the aforesaid investments are not currently ascertainable and accordingly no provision is considered necessary in this regard at this stage.		
28.04 Total Salaries, Wages and Bonus for the year.	1,98,50,097	1,72,13,079
28.05 Employee Benefits		
Defined Benefit Plans		
The following table sets forth the particulars in respect of the Defined Benefit Plans of the Company for the year ended 31st March, 2012.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE -28	Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2012	2011	2012	2011
		₹	₹	₹	₹
	Reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Obligation				
	Present value of Obligation at the beginning of the year	43,96,518	29,23,015	11,24,998	9,65,922
	Current Service Cost	1,25,398	1,99,677	1,13,226	1,05,725
	Interest Cost	2,94,807	2,36,669	68,139	70,909
	Actuarial (Gain) / Losses	(1,82,881)	13,74,830	4,20,627	2,45,830
	Benefits Paid	14,54,154	3,37,673	6,46,719	2,63,388
	Present value of Obligation at the end of the year	31,79,688	43,96,518	10,80,271	11,24,998
	Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	22,23,699	14,23,589	-	-
	Expected Return on Plan Assets	2,31,082	1,37,783	-	-
	Contributions	14,61,393	10,00,000	-	-
	Actuarial (Gain) / Losses	-	-	-	-
	Benefits Paid	14,54,154	3,37,673	-	-
	Fair Value of Plan Assets at the end of the year	24,62,020	22,23,699	-	-
	Reconciliation of the Present Value of the Defined Benefit Obligation and fair value of Plan Assets				
	Present value of Obligation at the end of the year	31,79,688	43,96,518	10,80,271	11,24,998
	Fair Value of Plan Assets at the end of the year	24,62,020	22,23,699	-	-
	Assets / (Liabilities) recognized in the Balance Sheet	(7,17,668)	(21,72,819)	(10,80,271)	(11,24,998)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
NOTE -28

Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012	2011	2012	2011
	₹	₹	₹	₹
Expenses recognized in the Statement of Profit and Loss				
Current Service Cost	1,25,398	1,99,677	1,13,226	1,05,725
Interest Cost	2,94,807	2,36,669	68,139	70,909
Expected return on Plan Assets	2,31,082	1,37,783	-	-
Actuarial (Gain) / Losses	(1,82,881)	13,74,830	4,20,627	2,45,830
Total Expense recognized	6,242	16,73,393	6,01,992	4,22,464
Category of Plan Assets				
Fund with LIC	24,62,020	22,23,699	-	-
Actual return on Plan Assets	2,31,082	1,37,783	-	-
Principal Actuarial Assumptions				
Discount Rate	8.00 %	8.00 %	8.50 %	8.50 %
Salary Escalation	5.00 %	5.00 %	5.00 %	5.00 %
Inflation Rate	-	-	-	-
Expected return on Assets	10.39 %	9.68 %	-	-

28.06 Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures

A) List of Related Parties
Enterprises having substantial interest in the Company :-

Commercial House Private Limited

Enterprises in which the Company is having substantial interest – Associate :-

Gillanders Arbuthnot & Company Limited

Enterprises over which key management personnel and relatives of such personnel are able to exercise significant influence* :-

G. Das & Company Private Limited

Albert David Limited

Names of the Key Management Personnel of the Company :-

Non Executive Directors *

Mr. A. K. Kothari - Chairman

Mrs. P. D. Kothari (A relative of Mr. A. K. Kothari)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
NOTE -28
B. *TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR :-

Name of Transactions	Enterprises controlled by the Company		Enterprises having substantial interest in the Company		Enterprises in which the Company is having substantial interest - Associate		Enterprises over which key management personnel and relatives of such personnel are able to exercise significant influence		Key Management Personnel of the Company	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Loans taken (Unsecured)	-	-	50,00,000	-	-	-	-	-	-	-
Repayment of loans (Unsecured)	-	-	1,05,00,000	-	-	-	-	-	-	-
Dividend Received	-	-	-	2,47,77,351	1,83,53,595	-	3,16,508	3,43,332	-	-
Sale of Investments	-	-	-	-	-	-	-	8,72,860	-	-
Directors' sitting fees	-	-	-	-	-	-	-	-	17,000	13,000
Directors' Commission	-	-	-	-	-	-	-	-	1,00,000	-
Outstanding balances at the year end:										
-Receivables :- Deposits with Bodies Corporate	-	-	-	-	-	-	-	-	-	20,00,000
- Payables :- Unsecured Loans - Bodies Corporate	-	-	20,00,000	-	-	-	-	-	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

28.07 Information in accordance with the requirements of Accounting Standard 17 on Segment Reporting.

The Company has two primary business segments viz:

Bulk Drugs

Chemicals

Bulk Drugs

Comprises manufacture, Job Work and sale of Bulk Drugs and related products.

Chemicals

Comprises manufacture and sale of Formaldehyde, Hexamine and Phenolic Resin etc.

Others represent all unallocable items not included in the segments

There are no intersegment transactions during the year.

Information about Business Segments

	2011-2012 ₹	2010-2011 ₹
Revenue External (Net Sales and other incomes)		
Bulk Drugs	12,91,22,938	11,25,39,994
Chemicals	14,64,48,955	14,58,12,860
Others	3,08,41,297	5,16,27,954
Total	<u>30,64,13,190</u>	<u>30,99,80,808</u>
Profit/ (Loss) before Tax		
Bulk Drugs	3,39,13,335	2,18,56,848
Chemicals	(2,12,17,644)	74,61,540
Others	2,56,35,031	4,04,98,562
Total	<u>3,83,30,722</u>	<u>6,98,16,950</u>
Depreciation and Amortisation		
Bulk Drugs	64,21,439	60,59,651
Chemicals	45,46,280	45,80,824
Others	27,202	25,487
Total	<u>1,09,94,921</u>	<u>1,06,65,962</u>
Non Cash Expenses Other than Depreciation and Amortisation		
Bulk Drugs	—	—
Chemicals	—	—
Others	—	—
Total	<u>—</u>	<u>—</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012 ₹	2010-2011 ₹
Capital Expenditure		
Bulk Drugs	1,25,93,424	61,34,759
Chemicals	6,94,024	65,950
Others	48,040	7,800
Total	<u>1,33,35,488</u>	<u>62,08,509</u>
Assets		
Bulk Drugs	17,02,90,398	13,68,68,941
Chemicals	9,57,26,796	13,13,47,282
Others	10,48,30,804	12,80,35,221
Total	<u>37,08,47,998</u>	<u>39,62,51,444</u>
Liabilities *		
Bulk Drugs	1,25,76,158	33,04,666
Chemicals	6,19,53,644	10,15,16,984
Others	(44,58,205)	77,24,024
Total	<u>7,00,71,597</u>	<u>11,25,45,674</u>
* Excluding Shareholders' Funds		
Information about Secondary Segments		
Segment Revenue (External) by Geographical Location of Customers		
Within India	14,27,17,851	14,54,36,112
Outside India	13,28,54,043	11,29,16,742
Total	<u>27,55,71,894</u>	<u>25,83,52,854</u>
Segment Assets by Geographical Locations		
Within India	26,60,17,194	26,71,98,722
Outside India	—	10,17,501
Total	<u>26,60,17,194</u>	<u>26,82,16,223</u>
Segment Capital Expenditure		
Within India	1,32,87,448	62,00,709
Outside India	—	—
Total	<u>1,32,87,448</u>	<u>62,00,709</u>

