

**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, MANGO 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  | 15   |
| FIVE YEARS FINANCIAL HIGHLIGHTS | 23   |
| INDEPENDENT AUDITORS' REPORT    | 24   |
| BALANCE SHEET                   | 30   |
| STATEMENT OF PROFIT & LOSS      | 31   |
| CASH FLOW STATEMENT             | 32   |
| SIGNIFICANT ACCOUNTING POLICIES | 34   |
| NOTES ON FINANCIAL STATEMENTS   | 37   |

**NOTICE**

**TO THE SHAREHOLDERS**

NOTICE is hereby given that the **ONE HUNDRED SEVENTEENTH** Annual General Meeting of the Shareholders of the Company will be held at **Indian Chamber of Commerce, 4 India Exchange Place, 10<sup>th</sup> Floor, Kolkata- 700 001** on **Monday, the 12<sup>th</sup> August, 2013 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 31<sup>st</sup> March, 2013.
2. To declare dividend on Ordinary Shares for the year ended 31<sup>st</sup> March, 2013.
3. To appoint Directors in place of Sri Surendra Bagri and Sri Aniket Agarwal, 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.

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: 30th May, 2013

**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 6<sup>th</sup> August, 2013 to 12<sup>th</sup> August, 2013 (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,  
 2<sup>nd</sup> Floor,  
 Kolkata – 700 001  
 Ph: (033) 2243 – 5809 / 5029  
 Fax : 91 – 33 – 2248 4787  
 Email : [mdpl@cal.vsnl.net.in](mailto: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 2006 or thereafter are requested to write to the Company.

**DIRECTORS' REPORT**
**TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting ONE HUNDRED SEVENTEENTH Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2013.

**FINANCIAL RESULTS**

|   | ₹                 | ₹                  |
|---|-------------------|--------------------|
| Profit for the year (after providing for        |                   |                    |
| Depreciation and Amortisation of ₹ 1,11,26,781) |                   | 3,15,78,635        |
| Less: Provision for Taxation (Net) :            |                   |                    |
| Current Tax                                     | 58,00,000         |                    |
| Deferred Tax                                    | <u>(2,41,550)</u> |                    |
|   |                   | <u>55,58,450</u>   |
|   |                   | 2,60,20,185        |
| Together with :                                 |                   |                    |
| Adjustments of Previous Years Taxation (Net)    | 25,553            |                    |
| Profit brought forward from previous year       | <u>75,65,145</u>  |                    |
|   |                   | <u>75,90,698</u>   |
| Making a Surplus of                             |                   | <u>3,36,10,883</u> |
| Which has been appropriated as under :          |                   |                    |
| Transfer to General Reserve                     | 2,00,00,000       |                    |
| Proposed dividend                               | 77,66,350         |                    |
| Tax on Proposed Dividend                        | <u>13,19,891</u>  |                    |
|   |                   | <u>2,90,86,241</u> |
| Balance carried to Balance Sheet                |                   | <u>45,24,642</u>   |

**DIVIDEND**

Your Directors are pleased to recommend payment of dividend @ 20 % i. e. ₹ 2/- per ordinary share of ₹ 10/- each for the year under review.

**DIRECTORS' REPORT — (Contd.)****MANAGEMENT'S DISCUSSION AND ANALYSIS**

You are aware that the economic condition in India has not yet improved. Sluggish market condition is still persisting. The working of Rubber and Leather industries is static where the chemicals produced by your company are used. The products in the Phytochemical Division of your Company are basically meant for export. Lab trial for the development of new products has been started by the said Division. Though some business activities have improved in USA, the weak economy in Eurozone is still continuing. Production of Formaldehyde and Hexamine is becoming uncertain because of power cut problem in Tamil Nadu. The turnover and margin of profit has accordingly been affected.

**SEGMENTWISE PERFORMANCE****a) PHYTOCHEMICALS DIVISION**

There is marginal increase in the turnover to ₹ 13.35 crores comparing to ₹ 12.56 crores in the earlier year. Though US economy have started looking up, uncertainty in Eurozone economy is still continuing. The raw material prices of Nux Vomica seeds are very much fluctuating. However, favourable exchange rate of US Dollar to Indian Rupee is helping us to maintain the normal profit margins. The Division is expecting bulk export orders for Calcium Sennocide and the present order book position is reasonably good.

**b) SOUTHERN SYNTHETICS DIVISION**

The ban imposed by USA and Eurozone Countries for use of Formaldehyde in leather Chemicals and leather goods is continuing. Production cost of Formaldehyde and Hexamine is not at all remunerative due to power cut and frequent interruption in power supply in the state of Tamil Nadu. Diesel prices continue to rise and running this Division by DG Set is not viable at all. The prices of Methanol, the main raw material for manufacturing Formaldehyde and Hexamine has increased substantially due to sharp increase in the exchange rate of US Dollar vis-à-vis Indian Rupee. Your Directors are not hopeful for any improvement in the performance of this Division in the near future.

**c) CLARO INDIA DIVISION**

The demand of Resin from Automobile and Refractory sector is very weak. The prices of Phenol, raw material for this Division, depends on the international price of crude oil which is highly fluctuating. Major customers in Tamil Nadu have scaled down their operation due to sluggish economy and poor power supply condition. The Division is trying to produce some value added

**DIRECTORS' REPORT — (Contd.)**

Resin, used in rubber-based industries. Barring unforeseen circumstances, your Directors hope that working of this Division may improve with the improvement in the overall power supply situation in Tamilnadu.

**OPPORTUNITIES AND THREATS**

Calcium Sennocide is approved by the USFDA. Restricted power supply and its frequent interruption in Tamilnadu is a difficult challenge for the working of Southern Synthetics and Claro India Division of your Company. Running the plants by DG Set is uneconomical. Overall economic condition is not good and this may effect the profitability of the Company.

**OUTLOOK**

The Lab / Pilot Plant Trials are continuing for new phyto products and the results are reasonably good. New products when commercially launched will increase the revenue of the Company. The prospect of Formaldehyde and Hexamine are not good. However, Claro India Division may do better with the overall improvement in economic conditions.

**RISK AND CONCERNS**

Uncertainty of monsoon may effect the supply of Nux Vomica seeds and their prices. Higher diesel prices will increase the overall input cost of all the raw materials and utilities. The volatility in the exchange rate of US Dollar to Indian Rupee and unscheduled power cut in Tamilnadu 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.

**DIRECTORS' REPORT — (Contd.)****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. We feel you will use your own judgment in arriving any assessment.

**DIRECTORATE**

Sri Surendra Bagri and Sri Aniket Agarwal 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' 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.

**DIRECTORS' REPORT — (Contd.)****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.

**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 No. 27.03 in the Accounts, your Directors state that due to negative networth of the investment of Vidhyasagar Industries Private Limited a further provision is considered necessary and hence the balance amount of ₹ 18,00,000/- has been provided in these accounts during the year.

**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 31<sup>st</sup> March, 2014.

Pursuant to Cost Audit (Report) Rules, 2001, the Cost Audit Report for the financial year 2011 – 2012 was filed on 25th December, 2012 on the MCA website vide SRN No. S19545045 in respect of Bulk Drugs and chemicals (Organic & Inorganic).

**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.

On behalf of the Board

Kolkata  
30th May, 2013

**P. D. Kothari**  
Director

**K. C. Mohta**  
Director

**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, 2013.

**(A) CONSERVATION OF ENERGY :**

| <b>FORM 'A'</b>   |                    |                    |
|---|--------------------|--------------------|
| <b>PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY</b>                     |                    |                    |
|   | <u>2012 – 2013</u> | <u>2011 – 2012</u> |
| <b>A. POWER &amp; FUEL CONSUMPTION</b>  |                    |                    |
| <b>1. Electricity :</b>   |                    |                    |
| a) Purchased :  |                    |                    |
| Units (Kwh)   | 712,968            | 843,408            |
| Total Amount (₹)  | 6,017,875          | 5,631,391          |
| Rate / Unit (₹)   | 8.44               | 6.68               |
| b) Own Generation :   |                    |                    |
| Through Diesel Generator  |                    |                    |
| Units (Kwh)   | 350,540            | 224,674            |
| Unit / Ltr of Diesel Oil  | 1.77               | 1.32               |
| Cost / Unit (₹)   | 17.16              | 15.57              |
| c) Diesel Oil :   |                    |                    |
| Quantity (Ltrs.)  | 198,384            | 170,045            |
| Total Amount (₹)  | 8,883,573          | 6,781,133          |
| Average Rate (₹)  | 44.78              | 39.88              |
| <b>2. Other / Internal Generation (Firewood, Saw Dust &amp; Paddy Husk) :</b> |                    |                    |
| Quantity (Kgs.)   | 1,131,399          | 1,200,282          |
| Total Cost (₹)  | 9,902,397          | 7,892,484          |
| Average Rate (₹)  | 8.75               | 6.58               |

## ANNEXURE (Contd.)

## B. CONSUMPTION PER UNIT OF PRODUCTION

## 1 Calcium Sennocide

|   |               |        |
|---|---------------|--------|
| Production (Kgs.)   | <b>10,288</b> | 30,505 |
| Electricity Unit (including own generation) (units per Kg.) | <b>17.78</b>  | 12.81  |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.) | <b>7.25</b>   | 7.25   |

## 2 Brucine / Strychnine

|   |              |       |
|---|--------------|-------|
| Production (Kgs.)   | <b>4,601</b> | 3,480 |
| Electricity Unit (including own generation) (units per Kg.) | <b>65.00</b> | 39.51 |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.) | <b>22.93</b> | 22.93 |

## 3 Tolbutamide / Chloropropamide

|   |               |        |
|---|---------------|--------|
| Production (Kgs.)   | <b>19,354</b> | 15,223 |
| Electricity Unit (including own generation) (units per Kg.) | <b>12.00</b>  | 8.32   |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.) | <b>1.74</b>   | 4.26   |

## 4 Formaldehyde

|   |              |       |
|---|--------------|-------|
| Production (M/T)  | <b>3,312</b> | 3,568 |
| Electricity Unit (including own generation) (units per M/T) | <b>48.39</b> | 44.40 |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T) | <b>84.76</b> | 49.05 |

## 5 Hexamine

|   |               |        |
|---|---------------|--------|
| Production (M/T)  | <b>23</b>     | 144    |
| Electricity Unit (including own generation) (units per M/T) | <b>423.25</b> | 393.10 |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T) | <b>292.54</b> | 204.10 |

## 6 Phenolic Resin

|   |               |        |
|---|---------------|--------|
| Production (M/T)  | <b>1,312</b>  | 1,599  |
| Electricity Unit (including own generation) (units per M/T) | <b>136.57</b> | 123.78 |
| Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T) | <b>480.18</b> | 394.00 |

## ANNEXURE (Contd.)

## FORM 'B'

## (B) TECHNOLOGY ABSORPTION :

## 1. RESEARCH AND DEVELOPMENT :

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

i) Phytochemicals Division : The old Cooling Tower of Nux Vomica and Synthetic Plant has been revamped and improved upon.

The Lab / Pilot Plant trials of New Phyto Products have been successfully conducted.

Calcium Sennoside is USFDA approved and our facility is subject to periodic Technical Audit, for which we are preparing.

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 &amp; Development :-

Phytochemicals Division : Successful Completion of Lab / Pilot Plant trials have paved the way for smooth, trouble-free commercial production of the New Phyto Products.

Plans are in advanced stage for commercial production.

The revamped Cooling Tower of Synthetic Plant has improved the cooling efficiency and enhanced energy conservation.

c) Future course of action :-

i) Phytochemicals Division : Erection and Commissioning of Equipments for Commercial production of New Phyto products, are under consideration.

Subject to market condition, Commercial production of few New Phyto Products are in the pipeline.

ii) Southern Synthetics / Claro India Division : Future is uncertain due to sluggish market condition, Power cut and restriction on drawing the sanctioned Power Load, in the state of Tamilnadu.

d) Expenditure on Research & Development : R & D Expenditure remains merged with various heads of accounts, as per the established accounting practices.

**2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :**

There is no significant reportable development in the area during the year.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

1. Exports : Foreign Exchange earnings in comparison to last year has increased from Export realisation.
2. Export Plan : Favourable exchange rate and Commercial production of New Phyto products will generate more Foreign Exchange earnings in the coming days.

**3. Total Foreign Exchange earned and used :**

|          |   | 2012- 2013<br>₹ | 2011 - 2012<br>₹ |
|----------|---|-----------------|------------------|
| Earnings | : | 1346.41 Lacs    | 1311.08 Lacs     |
| Outgo    | : | 0.32 Lacs       | 0.59 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**

It is management's policy to reflect transparency, accountability and responsibility while dealing with stakeholders, customers, shareholders and the corporate. The Company is endeavoring to maximize its profits for growth, progress and service to the society at large. Products of the company should be easily marketable at lower rate reducing risk as far as possible.

**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 31<sup>st</sup> March, 2013 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   | -                                       | 3         |
| 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 2012 - 2013, the Board met four times on 28th May, 2012, 10th August, 2012, 12th November, 2012 and 14th February, 2013.



**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 17.08.2012 |
|--------------------|----------------------------|--------------------------------|--|
| Sri A. K. Kothari  | Non-Executive Chairman     | 4                              | No                                       |
| Smt. P. D. Kothari | Non-Executive              | 4                              | No                                       |
| Sri S. Bagri       | Non-Executive, Independent | 4                              | Yes                                      |
| Sri A. Khandelwal  | Non-Executive, Independent | 4                              | Yes                                      |
| Sri A. Agarwal     | Non-Executive, Independent | 1                              | No                                       |
| Sri K. C. Mohta    | Non-Executive              | 4                              | 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 four times during year under review, on 28th May, 2012, 10th August, 2012, 12th November, 2012 and 14th February, 2013.

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

| Name of Member         | No. of Meetings Attended |
|------------------------|--------------------------|
| Sri S. Bagri, Chairman | 4                        |
| Sri A. K. Kothari      | 4                        |
| Sri A. Khandelwal      | 4                        |

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

The role and terms of reference of the Audit Committee cover all 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 31<sup>st</sup> March, 2013, the Committee met once on 28<sup>th</sup> March, 2013 and all the members attended the meeting.

During the year, the Company received 2 (Two) complaints from the Shareholders regarding non receipt of Annual Reports, which were attended and their grievances were satisfactorily redressed. There was no Investors' complaint pending against the Company as on 31<sup>st</sup> March, 2013.

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**4. Details of Remuneration / Fees paid to Directors**

| Name                         | Commission*<br>₹ | Board Fees<br>₹ | Committee Fees ₹ |  | Total<br>₹ |
|------------------------------|------------------|-----------------|------------------|--|------------|
|                              |                  |                 | Audit            | Shareholders/<br>Investors'<br>Grievance |            |
| Sri A. K. Kothari – Chairman | 50,000           | 4,000           | 4,000            | –  | 58,000     |
| Smt. P. D. Kothari           | 50,000           | 4,000           | –                | 1,000                                    | 55,000     |
| Sri S. Bagri                 | 50,000           | 4,000           | 4,000            | –  | 58,000     |
| Sri A. Khandelwal            | 50,000           | 4,000           | 4,000            | 1,000                                    | 59,000     |
| Sri A. Agarwal               | 50,000           | 1,000           | –                | –  | 51,000     |
| Sri K. C. Mohta              | 50,000           | 4,000           | –                | 1,000                                    | 55,000     |

\* The commission for the year ended 31st March, 2013 will be paid to the Directors, subject to deduction of tax components 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      |
|----------------|-------------|--|-----------|
| 2011-2012      | 17.08.2012  | Indian Chamber of Commerce<br>4, India Exchange Place, Kolkata-700 001 | 3.00 P.M. |
| 2010-2011      | 13.12.2011  | – Do –   | 3.00 P.M. |
| 2009-2010      | 21.09.2010  | – Do –   | 3.00 P.M. |

(b) A Special Resolution was passed by the Company at the Annual General Meeting held on 17th August, 2012 for approving the commission payable to Director, for a further period of 5 years. No special resolution was passed during the last two years.

(c) During the year ended 31st March, 2013, 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) Sri Surendra Bagri, aged about 48 years, is a Chartered Accountant and has been on the Board of the Company since last 20 years. He has vast experience in running business, risk management and Insurance services. Details of his other Directorships are as follows :-

| Sl. No. | Name of Company                          | Nature of Office |
|---------|--|------------------|
| 1       | Axiom Insurance Brokers Private Limited  | Director         |
| 2       | Axiom Business Solutions Private Limited | Director         |
| 3       | Namokar Merchandise Private Limited      | Director         |

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

(2) Sri Aniket Agarwal, aged about 46 years, is an Advocate of a reputed firm. He has roaring practice in Corporate Laws. Details of his other Directorship are as follows :-

| Sl. No. | Name of Company              | Nature of Office |
|---------|------------------------------|------------------|
| 1       | Stone India Limited          | Director         |
| 2       | The Oudh Sugar Mills 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 27.06 to the Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2013.

- 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.
- Management Discussion and Analysis forms part of this Annual Report.

**8. General Shareholder's Information**

|   |  |   |
|---|--|---|
| <b>Date, time &amp; venue of the Annual General Meeting</b>           | 12th August, 2013 at 3.00 P.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001  |   |
| <b>Financial Calendar 2013-2014 (tentative and subject to change)</b> | <ul style="list-style-type: none"> <li>Financial Year</li> <li>First Quarter Results</li> <li>Second Quarter &amp; Half Yearly Results</li> <li>Third Quarter Results</li> <li>Audited Annual Results for the year ending 31st March 2014</li> </ul> | <ul style="list-style-type: none"> <li>April to March</li> <li>Second week of August 2013</li> <li>Second week of November 2013</li> <li>Second week of February 2014</li> <li>Last week of May 2014</li> </ul> |

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

|  |   |
|--|---|
| <b>Dividend Payment Date</b>   | After 12th August, 2013   |
| <b>Book Closure Period</b>   | 6th August, 2013 to 12th August, 2013   |
| <b>Stock Code</b>  | CSE : Physical – 21160<br>Demat – 10021160  |
| <b>NSDL / CDSL – ISIN No.</b>  | INE264E01016.   |
| <b>Listing at Stock Exchange</b>   | The Calcutta Stock Exchange Limited<br>7 Lyons Range, Kolkata-700 001<br>Listing Fees for the year 2013-2014 has been paid to the Stock Exchange. |
| <b>Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity</b> | N.A   |

**Distribution of shareholding as on 31st March, 2013**

| Ordinary Shares Held | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shares Held |
|----------------------|---------------------|-------------------|--------------------|------------------|
| 1 – 500              | 2779                | 98.86             | 16181              | 0.42             |
| 501 – 1000           | 9                   | 0.32              | 7088               | 0.18             |
| 1001 – 5000          | 8                   | 0.28              | 24379              | 0.63             |
| 5001 – 10000         | 1                   | 0.04              | 8000               | 0.21             |
| 10001 – 50000        | 3                   | 0.11              | 68340              | 1.76             |
| 50001 – 100000       | –                   | –                 | –                  | –                |
| Above 100000         | 11                  | 0.39              | 3759187            | 96.80            |
| <b>Total</b>         | <b>2811</b>         | <b>100</b>        | <b>3883175</b>     | <b>100</b>       |

**Shareholding pattern as on 31st March, 2013**

| Category                          | No. of Shares Held | % of Shares Held |
|-----------------------------------|--------------------|------------------|
| Indian Promoters                  | 2847945            | 73.34            |
| Nationalised Banks & Mutual Funds | 3200               | 0.08             |
| NRI / OCBs                        | 4084               | 0.11             |
| Public                            | 1027946            | 26.47            |
| <b>Total</b>                      | <b>3883175</b>     | <b>100.00</b>    |

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**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, 2<sup>nd</sup> 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 15 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 a period of 15 Days.

**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 31<sup>st</sup> March 2013, shares representing total Ordinary Share Capital of the Company were held as under:

|                        | No. of Shares    | Percentage of Total Capital |
|------------------------|------------------|-----------------------------|
| In Dematerialised form | 38,15,188        | 98.25%                      |
| In Physical form       | 67,987           | 1.75%                       |
|                        | <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, Thanichchiyam 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 31<sup>st</sup> March 2013.

*For and on behalf of the Board*

Kolkata  
 30th May, 2013

**P. D. Kothari**  
 Director

**K. C. Mohta**  
 Director

**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 31<sup>st</sup> March 2013, 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.

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

Kolkata, 30th May, 2013

**FIVE YEAR FINANCIAL HIGHLIGHTS**

₹ '000

|                                     | 2009   | 2010   | 2011     | 2012    | 2013    |
|-------------------------------------|--------|--------|----------|---------|---------|
| SHARE CAPITAL                       | 38372  | 38372  | 38832    | 38832   | 38832   |
| RESERVE & SURPLUS                   | 231528 | 246006 | 244874   | 261944  | 278904  |
| SHAREHOLDERS' FUND (Equity)         | 269900 | 284378 | 283706   | 300776  | 317736  |
| LOAN FUND (DEBT)                    | 32979  | 27763  | 65209    | 31490   | 37102   |
| DEFERRED TAX LIABILITY/(ASSET)      | 2088   | 2844   | (18,942) | (7,451) | (7,693) |
| FIXED ASSETS (NET)                  | 67191  | 71171  | 94714    | 96273   | 91565   |
| INVESTMENTS                         | 84826  | 109061 | 82684    | 91503   | 89292   |
| NET CURRENT ASSETS                  | 152950 | 134753 | 152575   | 137039  | 166288  |
| NET ASSETS EMPLOYED                 | 304967 | 314985 | 348915   | 332266  | 354838  |
| SALES                               | 112494 | 155936 | 261395   | 287398  | 281275  |
| PROFIT (LOSS) BEFORE TAX            | 15904  | 24799  | 69817    | 38331   | 31579   |
| PROFIT (LOSS) AFTER TAX             | 14082  | 23426  | 86603    | 23840   | 26046   |
| DIVIDEND DISTRIBUTED *              | 6734   | 8949   | 4513     | 6770    | 9086    |
| RETAINED EARNINGS FOR THE YEAR      | 7509   | 4486   | 495      | 7565    | 4525    |
| EQUITY DIVIDEND %                   | 15     | 20     | 10       | 15      | 20      |
| EARNINGS PER EQUITY SHARE           | 3.67   | 6.11   | 22.30    | 6.14    | 6.71    |
| SHAREHOLDERS' FUND PER EQUITY SHARE | 70.34  | 74.11  | 73.06    | 77.46   | 81.82   |
| DEBT/EQUITY RATIO                   | 0.12:1 | 0.10:1 | 0.23:1   | 0.10:1  | 0.12:1  |

\* Inclusive of Dividend Tax

**INDEPENDENT AUDITORS' REPORT**

To The Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**

We have audited the accompanying financial statements of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act in the manner so required and also give, a true and fair view in conformity with the accounting principles generally accepted in India:

**INDEPENDENT AUDITORS' REPORT- (Contd.)**

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's 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 Companies Act, 1956 of India (the 'Act') and on 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 set out in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) 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.
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

A. K. Basak  
Partner

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

Kolkata, 30th May, 2013

## INDEPENDENT AUDITORS' REPORT- (Contd.)

Annexure referred to in Paragraph 1 of our Report of even date to the Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED** on the accounts of the company for the year ended 31st March, 2013

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, no substantial part of fixed assets has been disposed off by the Company during the year and the going concern status of the Company is not affected.
2. (a) The inventory of the Company at all its locations has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
(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 the nature of its business.  
(c) On the basis of our examination of the 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 and the same have been properly dealt with in the books of account.
3. The company has not taken or granted any loans, secured or unsecured, from or to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of the paragraph 4 of the Order are not applicable.
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 purchases of inventory, fixed assets and for the sale of goods. Further, on the basis of our examinations 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 we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

## INDEPENDENT AUDITORS' REPORT- (Contd.)

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 transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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 there under.
7. In our opinion, the company has an internal audit system, commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of Bulk Drugs at its Phytochemicals Division and Chemicals (Organic & Inorganic) at Southern Synthetics and Claro India Divisions 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.
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 with appropriate authorities 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 applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.

**INDEPENDENT AUDITORS' REPORT- (Contd.)**

- (c) 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, 2013, which have not been deposited on account of any 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 |

10. The Company has no accumulated losses as at 31st March, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or banks. The Company had neither any outstanding debentures at the beginning of the year nor has it issued any debentures during the year.
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.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
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.
16. The company has not obtained any term loans at any time during the year.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there are no funds raised on short term basis which have been used for long term investment.

**INDEPENDENT AUDITORS' REPORT- (Contd.)**

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.
19. The company has not issued any debentures during the year and no amount is outstanding in respect of debentures as on Balance Sheet date.
20. The company has not raised any money by public issue during the year.
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, either noticed or reported during the year, nor have we been informed of such case by the management.

Kolkata, 30th May, 2013

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

**BALANCE SHEET AS AT 31ST MARCH, 2013**

|                                  | Note    | As at 31st March, 2013 |                           | As at 31st March, 2012 |                           |
|----------------------------------|---------|------------------------|---------------------------|------------------------|---------------------------|
|                                  |         | ₹                      | ₹                         | ₹                      | ₹                         |
| <b>EQUITY AND LIABILITIES</b>    |         |                        |                           |                        |                           |
| <b>Shareholders' Fund</b>        |         |                        |                           |                        |                           |
| Share Capital                    | 1       | 38,831,750             |                           | 38,831,750             |                           |
| Reserves and Surplus             | 2       | <u>278,904,148</u>     |                           | <u>261,944,651</u>     |                           |
|                                  |         |                        | 317,735,898               |                        | 300,776,401               |
| <b>Non - Current Liabilities</b> |         |                        |                           |                        |                           |
| Long Term Provisions             | 3       |                        | 1,399,361                 |                        | 1,797,939                 |
| <b>Current Liabilities</b>       |         |                        |                           |                        |                           |
| Short Term Borrowings            | 4       | 37,101,998             |                           | 31,490,477             |                           |
| Trade Payables                   | 5       | 27,210,489             |                           | 23,512,618             |                           |
| Other Current Liabilities        | 6       | 6,477,509              |                           | 6,500,878              |                           |
| Short Term Provisions            | 7       | <u>9,086,241</u>       |                           | <u>6,769,685</u>       |                           |
|                                  |         |                        | <u>79,876,237</u>         |                        | <u>68,273,658</u>         |
| <b>TOTAL</b>                     |         |                        | <u><b>399,011,496</b></u> |                        | <u><b>370,847,998</b></u> |
| <b>ASSETS</b>                    |         |                        |                           |                        |                           |
| <b>Non - Current Assets</b>      |         |                        |                           |                        |                           |
| Fixed Assets - Tangible          | 8       | 91,565,065             |                           | 96,273,093             |                           |
| Non - Current Investments        | 9       | 89,291,882             |                           | 91,503,408             |                           |
| Deferred Tax Assets (Net)        | 10      | 7,692,795              |                           | 7,451,245              |                           |
| Long Term Loans and Advances     | 11      | <u>11,018,542</u>      |                           | <u>9,985,954</u>       |                           |
|                                  |         |                        | 199,568,284               |                        | 205,213,700               |
| <b>Current Assets</b>            |         |                        |                           |                        |                           |
| Inventories                      | 12      | 61,932,935             |                           | 62,958,432             |                           |
| Trade Receivables                | 13      | 30,908,682             |                           | 29,179,576             |                           |
| Cash and Bank Balances           | 14      | 87,581,985             |                           | 46,232,955             |                           |
| Other Current Assets             | 15      | 2,209,768              |                           | 2,850,348              |                           |
| Short Term Loans & Advances      | 16      | <u>16,809,842</u>      |                           | <u>24,412,987</u>      |                           |
|                                  |         |                        | <u>199,443,212</u>        |                        | <u>165,634,298</u>        |
| <b>TOTAL</b>                     |         |                        | <u><b>399,011,496</b></u> |                        | <u><b>370,847,998</b></u> |
| Significant Accounting Policies  | 1 to 27 |                        |                           |                        |                           |
| Notes on Financial Statements    |         |                        |                           |                        |                           |

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.

On behalf of the Board

A.K.Basak  
Partner  
Membership Number-10240  
For and on behalf of  
Dulla, Ghosh & Associates  
Chartered Accountants  
Firm Registration No. 309088E  
Kolkata,  
30th May, 2013

M. L. Daga  
CFO & Secretary

P. D. Kothari  
Director

K. C. Mohla  
Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013**

|  | Note    | 2012-2013                 | 2011 - 2012               |
|--|---------|---------------------------|---------------------------|
|  |         | ₹                         | ₹                         |
| <b>INCOME :</b>  |         |                           |                           |
| Revenue from Operations  | 17      | 268,241,738               | 275,647,180               |
| Other Income   | 18      | <u>11,429,607</u>         | <u>30,766,010</u>         |
| <b>Total Revenue</b>   |         | <u><b>279,671,345</b></u> | <u><b>306,413,190</b></u> |
| <b>EXPENDITURE :</b>   |         |                           |                           |
| Cost of Materials Consumed   | 19      | 166,254,764               | 168,618,841               |
| Purchases of Stock - in - Trade  | 20      | -                         | 1,474,095                 |
| Changes in Inventories of Finished Goods,<br>Work-in-Progress and Stock-in-Trade | 21      | (11,894,436)              | 2,597,035                 |
| Employee Benefits Expense  | 22      | 24,395,556                | 21,140,441                |
| Finance Costs  | 23      | 2,010,250                 | 1,466,075                 |
| Depreciation and Amortisation Expense  | 24      | 11,126,781                | 10,994,921                |
| Other Expenses   | 25      | <u>56,199,795</u>         | <u>61,791,060</u>         |
| <b>Total Expenses</b>  |         | <u><b>248,092,710</b></u> | <u><b>268,082,468</b></u> |
| <b>PROFIT BEFORE TAXATION</b>  |         | <b>31,578,635</b>         | <b>38,330,722</b>         |
| <b>Provision For Tax :</b>   |         |                           |                           |
| Current Tax  |         | (5,800,000)               | (3,000,000)               |
| Deferred Tax   |         | 241,550                   | (11,490,406)              |
| Taxation adjustments of earlier years (net)                                      |         | 25,553                    | -                         |
| <b>PROFIT FOR THE YEAR</b>   |         | <u><b>26,045,738</b></u>  | <u><b>23,840,316</b></u>  |
| <b>Earning per Ordinary Share of Rs. 10/- each</b>                               |         |                           |                           |
| Basic and Diluted  | 26      | 6.71                      | 6.14                      |
| Significant Accounting Policies  |         |                           |                           |
| Notes on Financial Statements  | 1 to 27 |                           |                           |

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

On behalf of the Board

Membership Number-10240  
For and on behalf of  
Dulla, Ghosh & Associates  
Chartered Accountants  
Firm Registration No. 309088E

Kolkata,  
30th May, 2013

M. L. Daga  
CFO & Secretary

P. D. Kothari  
Director

K. C. Mohla  
Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

|  | 2012 - 2013 |                   | 2011 - 2012  |                   |
|--|-------------|-------------------|--------------|-------------------|
|  | ₹           | ₹                 | ₹            | ₹                 |
| <b>A. Cash Flow from Operating Activities :</b>          |             |                   |              |                   |
| Profit before Tax and Extraordinary/ Non-recurring items |             | 31,578,635        |              | 38,330,722        |
| Adjustments for :  |             |                   |              |                   |
| Depreciation and Amortisation                            | 11,126,781  |                   | 10,994,921   |                   |
| Loss on Sale/Discard of Fixed Assets (Net)               | 409,548     |                   | 39,048       |                   |
| Income from Investments (Dividend)                       | (3,284,884) |                   | (25,326,461) |                   |
| Profit on Sale of Investments                            | (1,739,976) |                   | (606,485)    |                   |
| Provision for Diminution in the Value of Investment      | 1,800,000   |                   | -            |                   |
| Irrecoverable Debts written off                          | 26,932      |                   | 9,784,195    |                   |
| Interest (Net)   | (3,725,997) |                   | (1,510,709)  |                   |
| Liability no longer required written back                | (652,726)   | 3,959,678         | (433,402)    | (7,058,893)       |
| Operating Profit before Working Capital Changes          |             | 35,538,313        |              | 31,271,829        |
| Adjustments for :  |             |                   |              |                   |
| Trade and Other Receivables                              | 7,261,136   |                   | 24,520,503   |                   |
| Inventories  | 1,025,497   |                   | (13,223,354) |                   |
| Trade Payables   | 2,515,242   | 10,801,875        | (7,491,429)  | 3,805,720         |
| Cash Generated from Operations                           |             | 46,340,188        |              | 35,077,549        |
| Direct Taxes - (Payments)/Refunds                        | (8,000,154) | (8,000,154)       | (2,543,742)  | (2,543,742)       |
| <b>Net Cash (Used in)/From Operating Activities</b>      |             | <b>38,340,034</b> |              | <b>32,533,807</b> |
| <b>B. Cash Flow From Investing Activities :</b>          |             |                   |              |                   |
| Purchase of Fixed Assets                                 | (6,828,301) |                   | (13,335,488) |                   |
| Proceeds from Sale of Fixed Assets                       | -           |                   | 742,154      |                   |
| Dividend Received  | 3,284,884   |                   | 25,326,461   |                   |
| Purchase of Investments                                  | (5,728,880) |                   | (15,249,630) |                   |
| Proceeds from Sale of Investments                        | 7,880,382   |                   | 7,037,009    |                   |
| Interest Received  | 6,155,917   |                   | 1,759,435    |                   |
| <b>Net Cash From Investing Activities</b>                |             | <b>4,764,002</b>  |              | <b>6,279,941</b>  |

**CASH FLOW STATEMENT (Contd.)**

|   | 2012 - 2013       |                    | 2011 - 2012       |                     |
|---|-------------------|--------------------|-------------------|---------------------|
|   | ₹                 | ₹                  | ₹                 | ₹                   |
| <b>C. Cash Flow from Financing Activities</b>                             |                   |                    |                   |                     |
| Net Increase/(Decrease) in Short Term Borrowings from Banks               | 12,611,521        |                    | 5,695,000         |                     |
| Net Increase/(Decrease) in Short Term Borrowings from Others              | (7,000,000)       |                    | (39,413,413)      |                     |
| Interest Paid   | (589,212)         |                    | (4,833,339)       |                     |
| Dividends Paid  | (5,832,393)       |                    | (3,603,305)       |                     |
| Dividend Tax Paid   | (944,922)         |                    | (629,949)         |                     |
| <b>Net Cash From/(Used in) Financing Activities</b>                       |                   | <b>(1,755,006)</b> |                   | <b>(42,785,006)</b> |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b> |                   | <b>41,349,030</b>  |                   | <b>(3,971,258)</b>  |
| Opening Cash and Cash Equivalents   | 46,232,955        |                    | 50,204,213        |                     |
| <b>Closing Cash and Cash Equivalents</b>                                  | <b>87,581,985</b> | <b>41,349,030</b>  | <b>46,232,955</b> | <b>(3,971,258)</b>  |
| <b>Cash and Cash Equivalents Comprise :</b>                               |                   |                    |                   |                     |
| Cash in Hand and Balances with Banks                                      |                   | <b>87,581,985</b>  |                   | <b>46,232,955</b>   |
| (As per Note - 14)  |                   |                    |                   |                     |

**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. 309086E  
 Kolkata,  
 30th May, 2013

On behalf of the Board  
 M. L. Daga  
 CFO & Secretary  
 P. D. Kothari  
 Director  
 K. C. Mohta  
 Director

**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 statement of Profit and Loss. Exchange differences, if any, relating to Fixed Assets acquired outside India are recognized in the statement of Profit & Loss.

**(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 and when they are paid to 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 statement of Profit and Loss. 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, 2013**

| NOTE - 1 | As at 31st March, 2013<br>₹ | As at 31st March, 2012<br>₹ |
|----------|-----------------------------|-----------------------------|
|----------|-----------------------------|-----------------------------|

**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 | (2012 - 3,883,175) Ordinary Shares of ₹ 10/- each fully paid-up. | 38,831,750        | 38,831,750        |
|           |  | <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 2013, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 77,66,350/- (2012 ₹ 58,24,763/-).

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 2013 |               | As at 31st March 2012 |               |
|---|-----------------------|---------------|-----------------------|---------------|
|   | % held                | No. of Shares | % held                | No. of Shares |
| Commercial House Private Limited                | 21.51%                | 835,414       | 21.29%                | 826,800       |
| Kothari & Company Private Limited               | 15.32%                | 594,960       | 15.32%                | 594,960       |
| M. D. Kothari & Company Limited                 | 14.85%                | 576,525       | 14.85%                | 576,525       |
| Kothari Investment & Industries Private Limited | 13.15%                | 510,720       | 13.15%                | 510,720       |
| Vishnuhari Investments & Properties Limited     | 6.22%                 | 241,568       | 6.13%                 | 238,200       |

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

|  | As at 31st March, 2013 | As at 31st March, 2012 |
|--|------------------------|------------------------|
| Ordinary Shares at the beginning of the year   | 3,883,175              | 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>3,883,175</u>       |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE - 2  | As at 31st March, 2013 |                    | As at 31st March, 2012 |                    |
|---|------------------------|--------------------|------------------------|--------------------|
|   | ₹                      | ₹                  | ₹                      | ₹                  |
| <b>RESERVES AND SURPLUS</b>   |                        |                    |                        |                    |
| Capital Reserve   |                        |                    |                        |                    |
| As per last Balance Sheet   |                        | 9,193,040          |                        | 9,193,040          |
| Securities Premium Account  |                        |                    |                        |                    |
| As per Last Balance Sheet   |                        | 1,450,657          |                        | 1,450,657          |
| General Reserve   |                        |                    |                        |                    |
| As per last Balance Sheet   | 243,735,809            |                    | 233,735,809            |                    |
| Add: Transferred from statement of Profit and Loss                          | <u>20,000,000</u>      |                    | <u>10,000,000</u>      |                    |
|   |                        | 263,735,809        |                        | 243,735,809        |
| Surplus in the Statement of Profit and Loss                                 |                        |                    |                        |                    |
| As per last Balance Sheet   | 7,565,145              |                    | 494,514                |                    |
| Add: Profit for the year  | <u>26,045,738</u>      |                    | <u>23,840,316</u>      |                    |
|   | 33,610,883             |                    | 24,334,830             |                    |
| Less: Appropriations:   |                        |                    |                        |                    |
| Transferred to General Reserve  | 20,000,000             |                    | 10,000,000             |                    |
| Proposed Dividend on Equity Shares [Dividend per Share ₹ 2/- (2012 ₹ 1.50)] | 7,766,350              |                    | 5,824,763              |                    |
| Tax on Proposed Dividend  | <u>1,319,891</u>       |                    | <u>944,922</u>         |                    |
|   |                        | 4,524,642          |                        | 7,565,145          |
|   |                        | <u>278,904,148</u> |                        | <u>261,944,651</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE - 3  | As at 31st March, 2013 |                   | As at 31st March, 2012 |                   |
|---|------------------------|-------------------|------------------------|-------------------|
|   | ₹                      | ₹                 | ₹                      | ₹                 |
| <b>LONG TERM PROVISIONS</b>   |                        |                   |                        |                   |
| Provision for Employee Benefits   |                        |                   |                        |                   |
| - Gratuity  |                        | -                 |                        | 717,668           |
| - Leave Encashment Benefit  |                        | <u>1,399,361</u>  |                        | <u>1,080,271</u>  |
|   |                        | <u>1,399,361</u>  |                        | <u>1,797,939</u>  |
| <b>NOTE - 4</b>   |                        |                   |                        |                   |
| <b>SHORT TERM BORROWINGS</b>  |                        |                   |                        |                   |
| <b>Secured</b>  |                        |                   |                        |                   |
| <b>PHYTOCHEMICALS DIVISION</b>  |                        |                   |                        |                   |
| Working Capital Loans   |                        |                   |                        |                   |
| - From Vijaya Bank  |                        |                   |                        |                   |
| i) Cash Credit  |                        |                   |                        |                   |
| Exclusive First Charge on Entire Stocks of Raw, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land Situated at Nagari and first charge on the entire Fixed Assets of the Division   |                        | 2,957,367         |                        | -                 |
| ii) Packing Credit  |                        |                   |                        |                   |
| Exclusive First Charge on Entire Stocks of Raw, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land Situated at Nagari and first charge on the entire Fixed Assets of the Division. Stock against PCL facility shall be backed by firm Export Orders |                        | 15,349,154        |                        | 5,695,000         |
| <b>Unsecured</b>  |                        |                   |                        |                   |
| Loans Repayable on Demand   |                        |                   |                        |                   |
| - From Related Parties  | 11,775,000             |                   | 2,500,000              |                   |
| - From Bodies Corporate   | <u>7,000,000</u>       |                   | <u>23,275,000</u>      |                   |
|   |                        | 18,775,000        |                        | 25,775,000        |
| State Government of Tamil Nadu -  |                        |                   |                        |                   |
| Sales Tax Deferral Scheme   |                        | 20,477            |                        | 20,477            |
|   |                        | <u>37,101,998</u> |                        | <u>31,490,477</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE -5              | As at 31st March, 2013<br>₹ | As at 31st March, 2012<br>₹ |
|----------------------|-----------------------------|-----------------------------|
| <b>TRADE PAYABLE</b> |                             |                             |
| For Goods            | 27,210,489                  | 23,512,618                  |
|                      | <u>27,210,489</u>           | <u>23,512,618</u>           |

(As per information available with the Company no amount is due to Micro, Small and Medium Enterprises)

**NOTE -6**
**OTHER CURRENT LIABILITIES**

|   |                  |                  |
|---|------------------|------------------|
| Interest accrued but not due on borrowings  | 1,421,038        | -                |
| Advances from Customers   | 8,691            | 1,642,178        |
| Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due) | 106,969          | 90,441           |
| Unpaid Fractional amount of shares  | 235,138          | 259,296          |
| Other Payables*   | 4,705,673        | 4,508,963        |
|   | <u>6,477,509</u> | <u>6,500,878</u> |

\*Includes Statutory Liabilities ₹ 11,91,933/- (2012 ₹ 7,68,329/-), Salary, Wages and Bonus ₹ 7,46,293/- (2012 ₹ 8,64,918/-) and Commission Payable ₹ 2,02,893/- (2012 ₹ 7,54,463/-)

**NOTE -7**
**SHORT TERM PROVISIONS**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Proposed Dividend        | 7,766,350        | 5,824,763        |
| Tax on Proposed Dividend | 1,319,891        | 944,922          |
|                          | <u>9,086,241</u> | <u>6,769,685</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**NOTE - 8**
**FIXED ASSETS**

| PARTICULARS              | GROSS BLOCK                    |                  | DEPRECIATION / AMORTISATION |                                | NET BLOCK                      |                       |
|--------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|--------------------------------|-----------------------|
|                          | Balance as at 31st March, 2012 | Additions        | Deduction/ Adjustment       | Balance as at 31st March, 2013 | Balance as at 31st March, 2013 | Deduction/ Adjustment |
| Tangible Assets          | ₹                              | ₹                | ₹                           | ₹                              | ₹                              | ₹                     |
| Leasehold Land           | 1,262,400                      | -                | -                           | 1,262,400                      | 267,794                        | 994,606               |
| Freehold Land            | 2,074,532                      | -                | -                           | 2,074,532                      | -                              | 2,074,532             |
| Buildings                | 43,303,828                     | 189,011          | -                           | 43,492,839                     | 18,167,915                     | 25,324,924            |
| Plant and Equipment      | 141,041,699                    | 4,911,191        | 3,355,499                   | 142,597,391                    | 64,568,961                     | 56,028,430            |
| Electric Installation    | 9,015,844                      | 104,661          | 221,470                     | 8,899,035                      | 7,071,395                      | 1,827,640             |
| Office Equipment         | 1,575,918                      | 42,120           | 8,150                       | 1,609,888                      | 810,444                        | 799,444               |
| Furniture and Fixtures   | 1,025,341                      | 52,050           | 125,965                     | 955,426                        | 785,862                        | 169,564               |
| Motor Vehicles           | 2,830,359                      | -                | 387,891                     | 2,442,468                      | 1,668,677                      | 773,791               |
| Tubewell and Water Works | 158,305                        | -                | 107,949                     | 50,356                         | 7,490                          | 42,866                |
| <b>Total:</b>            | <b>202,282,226</b>             | <b>5,299,033</b> | <b>4,206,924</b>            | <b>203,384,335</b>             | <b>113,348,538</b>             | <b>90,035,797</b>     |
| Capital Work In Progress | -                              | 1,529,268        | -                           | 1,529,268                      | -                              | 1,529,268             |
| 2012                     | 190,381,400                    | 13,335,488       | 1,434,722                   | 202,292,226                    | 106,019,133                    | 96,273,093            |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -9   | Face Value | As at 31st March, 2013 | As at 31st March, 2012 |
|---|------------|------------------------|------------------------|
|   | ₹          | ₹                      | ₹                      |
| <b>NON - CURRENT INVESTMENTS</b>  |            |                        |                        |
| <i>(Long Term Investments)</i>  |            |                        |                        |
| <b>Other than Trade - At or under cost</b>  |            |                        |                        |
| <b>A. INVESTMENT IN ASSOCIATES:</b>   |            |                        |                        |
| In Equity Shares - Quoted, fully paid up  |            |                        |                        |
| 5,506,078 Gillanders Arbuthnot & Company Limited<br>(2012 - 5,506,078)                                  | 10         | 51,798,615             | 51,798,615             |
| <b>TOTAL A</b>  |            | <u>51,798,615</u>      | <u>51,798,615</u>      |
| <b>B. INVESTMENT IN OTHERS:</b>   |            |                        |                        |
| <b>(i) In Equity Shares - Quoted, fully paid up</b>   |            |                        |                        |
| 6,000 Welspun Corporation Limited<br>(2012 - 6,000)   | 5          | 1,362,315              | 1,362,315              |
| 104 Kesoram Textile Mills Limited<br>(2012 - 104)   | 2          | -                      | -                      |
| 500 Vijaya Bank Limited<br>(2012 - 500)   | 10         | 12,000                 | 12,000                 |
| 195 Xpro India Limited<br>(2012 - 195)  | 10         | -                      | -                      |
| 70,335 Albert David Limited<br>(2012 - 70,335)  | 10         | 6,731,077              | 6,731,077              |
| 4,400 Century Textile & Industries Limited<br>(2012 - 4,400)  | 10         | 1,936,827              | 1,936,827              |
| 1,500 Alstom T & D India Limited<br>(2012 - 1,500)  | 2          | 441,912                | 441,912                |
| 15,000 Assam Company India Limited<br>(2012 - 15,000)   | 1          | 316,081                | 316,081                |
| 100 Balmer Lawrie & Company Limited<br>(2012 - 300) (Sold 300 and Purchased 100 shares during the year) | 10         | 59,005                 | 174,133                |
| 6,000 Crains Software International Limited<br>(2012 - 6,000)   | 2          | 222,976                | 222,976                |
| 8,500 The Dhampur Sugar Mills Limited<br>(2012 - 8,500)   | 10         | 959,707                | 959,707                |
| 13,000 Electrosteel Castings Limited<br>(2012 - 13,000)   | 1          | 538,633                | 538,633                |
| 5,000 First Source Solutions Limited<br>(2012 - 5,000)  | 10         | 172,273                | 172,273                |
| 6,000 GMR Infrastructure Limited<br>(2012 - 6,000)  | 1          | 351,659                | 351,659                |
| 8,000 India Cements Limited<br>(2012 - 8,000)   | 10         | 884,392                | 884,392                |
| - Mcleod Russell India Limited<br>(2012 - 700) (Sold during the year)                                   | 5          | -                      | 152,848                |
| Carried Forward   |            | <u>13,988,857</u>      | <u>14,256,833</u>      |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -9 (Contd.)   | Face Value | As at 31st March, 2013 | As at 31st March, 2012 |
|--|------------|------------------------|------------------------|
|  | ₹          | ₹                      | ₹                      |
| Brought Forward  |            | 13,988,857             | 14,256,833             |
| 3,000 NCL Industries Limited<br>(2012 - 3,000)   | 10         | 127,601                | 127,601                |
| 4,298 Prism Cement Limited<br>(2012 - 4,298)   | 10         | 223,254                | 223,254                |
| 2,000 Rico Auto Industries Limited<br>(2012 - 2,000)                                       | 1          | 58,255                 | 58,255                 |
| 2,500 Shanthi Gears Limited<br>(2012 - 8,100) (Sold 5,600 shares during the year)          | 1          | 97,360                 | 355,110                |
| 750 Vardhaman Textiles Limited<br>(2012 - 1,750) (Sold 1,000 shares during the year)       | 10         | 193,980                | 458,575                |
| 5,000 Deccan Cements Limited<br>(2012 - 5,000)   | 10         | 993,031                | 993,031                |
| 10,000 IOL Chemicals and Pharmaceuticals Limited<br>(2012 - 10,000)                        | 10         | 632,380                | 632,380                |
| 1,400 Reliance Industries Limited<br>(2012 - 1,400)  | 10         | 1,297,737              | 1,297,737              |
| 1,500 Schneider Electric Infrastructure Limited<br>(2012 - 1,500)                          | 2          | -                      | -                      |
| 2,800 Jai Prakash Associates Limited<br>(2012 - 5,300) (Sold 2,500 shares during the year) | 2          | 208,009                | 405,343                |
| 3,500 Titan Industries Limited<br>(2012 - 5,500) (Sold 2,000 shares during the year)       | 1          | 715,397                | 1,124,195              |
| - ICRA Limited<br>(2012 - 250) (Sold during the year)                                      | 10         | -                      | 286,100                |
| <b>TOTAL B (i)</b>   |            | <u>18,535,861</u>      | <u>20,218,414</u>      |
| <b>(ii) In Equity Shares - Unquoted, fully paid up</b>                                     |            |                        |                        |
| 1,160 Tulip Tea Company Limited<br>(2012 - 1,160)  | 25         | 9,110                  | 9,110                  |
| 15 Aaham Printers Private Limited (in Liquidation)<br>(2012 - 15)                          | 100        | 1                      | 1                      |
| 50,000 Satyam Financial Services Limited<br>(2012 - 50,000)                                | 10         | 501,250                | 501,250                |
| 60 Cimco Limited<br>(2012 - 60)  | 10         | 10,800                 | 10,800                 |
| 2,929 Pilani Investment & Industries Corporation Limited<br>(2012 - 2,929)                 | 10         | 8,338                  | 8,338                  |
| 350 Vardhaman Special Steels Limited<br>(2012 - 350)                                       | 10         | -                      | -                      |
| Carried Forward  |            | <u>529,499</u>         | <u>529,499</u>         |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -9 (Contd.)   | Face Value<br>₹ | As at 31st March, 2013<br>₹ | As at 31st March, 2012<br>₹ |
|--|-----------------|-----------------------------|-----------------------------|
| Brought Forward  |                 | 529,499                     | 529,499                     |
| 450,000 Vidyasagar Industries Private Limited<br>(2012 - 4,50,000)   | 10              | 4,500,000                   | 4,500,000                   |
| Less: Provision for Diminution In carrying amount of Investments   |                 | (4,500,000)                 | (2,700,000)                 |
| <b>TOTAL B (ii)</b>  |                 | <b>529,499</b>              | <b>2,329,499</b>            |
| (iii) In Non Convertible Debentures - Unquoted, fully paid up  |                 |                             |                             |
| 14 Cimmco Limited<br>(2012 - 14)   | 66              | 924                         | 924                         |
| <b>TOTAL B (iii)</b>   |                 | <b>924</b>                  | <b>924</b>                  |
| (iv) In Mutual Fund - Quoted, fully paid up  |                 |                             |                             |
| 1,55,115.6990 DSP Black Rock Small & Mid Cap Fund - Regular Plan - Growth<br>(2012 - 1,55,115.6990)  | 10              | 2,554,290                   | 2,554,290                   |
| 22,295.2290 Birla Sun Life Midcap Fund - Plan - Growth - Regular Plan<br>(2012 - 22,295.2290) (Erstwhile : Birla Sun Life Midcap Fund - Plan A - Growth)                                 | 10              | 2,250,480                   | 2,250,480                   |
| -- Reliance Equity Opportunities Fund - Retail Plan - Growth Plan<br>(2012 - 1,26,438.8490) (Redeemed during the year)   | 10              | --                          | 4,351,186                   |
| 20,196.7160 DSP Black Rock Top 100 Equity Fund - Regular Plan - Growth<br>(2012 - 20,196.7160)   | 10              | 2,000,000                   | 2,000,000                   |
| 57,373.9920 L & T Equity Fund - Growth<br>(2012 - 57,373.9920) (Erstwhile : Fidelity Equity Fund - Growth)   | 10              | 2,000,000                   | 2,000,000                   |
| 1,23,228.5890 ICICI Prudential Focused Bluechip Equity Fund - Regular Plan - Growth<br>(2012 - 1,23,228.5890) (Erstwhile : ICICI Prudential Focused Blue Chip Equity Fund Retail Growth) | 10              | 2,000,000                   | 2,000,000                   |
| 1,09,537.4230 IDFC Sterling Equity Fund - Growth - (Regular Plan)<br>(2012 - 1,09,537.4230) (Erstwhile : IDFC Sterling Equity Fund - Growth)   | 10              | 2,000,000                   | 2,000,000                   |
| 3,60,229.6690 Reliance Dynamic Bond Fund - Growth Plan<br>(2012 - Nil) (Purchased during the year)   | 10              | 5,622,213                   | --                          |
| <b>TOTAL B (iv)</b>  |                 | <b>18,426,983</b>           | <b>17,155,956</b>           |
| <b>TOTAL B (i to iv)</b>   |                 | <b>37,493,267</b>           | <b>39,704,793</b>           |
| <b>TOTAL (A + B)</b>   |                 | <b>89,291,882</b>           | <b>91,503,408</b>           |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -9 (Contd.)   | Face Value<br>₹ | As at 31st March, 2013<br>₹ | As at 31st March, 2012<br>₹ |
|--|-----------------|-----------------------------|-----------------------------|
| Aggregate amount of quoted investments (including investments in Mutual Fund)  |                 | 88,761,459                  | 89,172,985                  |
| Aggregate amount of unquoted investments                                       |                 | 5,030,423                   | 5,030,423                   |
|  |                 | <b>93,791,882</b>           | <b>94,203,408</b>           |
| Less : Provision for diminution in carrying amount of investments (Note 27.03) |                 | 4,500,000                   | 2,700,000                   |
|  |                 | <b>89,291,882</b>           | <b>91,503,408</b>           |
| Aggregate Market Value of quoted investments                                   |                 | 392,487,477                 | 392,497,476                 |
| Aggregate NAV of units in Mutual Fund  |                 | 19,160,750                  | 17,533,477                  |
|  |                 | <b>411,648,227</b>          | <b>410,030,953</b>          |

| 1. Share in Companies purchased and sold during the year :- | Face Value (₹) | No. of Shares | As at 31st March, 2013 |                |
|---|----------------|---------------|------------------------|----------------|
|   |                |               | Purchase Value (₹)     | Sale Value (₹) |
| Jai Prakash Associates Limited                              | 2              | 500           | 47,662                 | 47,463         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

|   | As at 31st<br>March,<br>2013 |                   | As at 31st<br>March,<br>2012 |                  |
|---|------------------------------|-------------------|------------------------------|------------------|
|   | ₹                            | ₹                 | ₹                            | ₹                |
| <b>NOTE -10</b>   |                              |                   |                              |                  |
| <b>DEFERRED TAX ASSETS (NET)</b>  |                              |                   |                              |                  |
| <b>Assets</b>   |                              |                   |                              |                  |
| - Accrued expenses deductible on payment basis / Employee Benefits  | 631,249                      |                   | 758,757                      |                  |
| - Provision for Diminution in the Value of Investments  | 1,529,550                    |                   | -                            |                  |
| - Carry over Unabsorbed Losses  | <u>13,854,815</u>            |                   | <u>16,625,175</u>            |                  |
|   |                              | 16,015,614        |                              | 17,383,932       |
| <b>Less : Liabilities</b>   |                              |                   |                              |                  |
| - Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act |                              | 8,322,819         |                              | 9,932,687        |
|   |                              | <u>7,692,795</u>  |                              | <u>7,451,245</u> |
| <b>NOTE -11</b>   |                              |                   |                              |                  |
| <b>LONG TERM LOANS AND ADVANCES</b><br>(Unsecured, Considered good unless stated otherwise)   |                              |                   |                              |                  |
| <b>Security Deposits</b>  |                              |                   |                              |                  |
| - To Related Party  | -                            |                   | 2,000,000                    |                  |
| - To Others   | <u>2,297,193</u>             |                   | <u>2,379,498</u>             |                  |
|   |                              | 2,297,193         |                              | 4,379,498        |
| Advance payment of Tax (Net of Provision) (Inclusive of Tax Deducted at Source)   |                              | 5,794,348         |                              | 3,568,641        |
| Advance for Building  |                              | 1,102,170         |                              | 1,102,170        |
| Capital Advances  |                              | 1,810,000         |                              | 920,700          |
| Other Loans and Advances  |                              | <u>67,352</u>     |                              | <u>67,466</u>    |
|   |                              | 11,071,063        |                              | 10,038,475       |
| Less: Provision for Doubtful Advances   |                              | <u>52,521</u>     |                              | <u>52,521</u>    |
|   |                              | <u>11,018,542</u> |                              | <u>9,985,954</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

|   | As at 31st<br>March,<br>2013 |   | As at 31st<br>March,<br>2012 |   |
|---|------------------------------|---|------------------------------|---|
|   | ₹                            | ₹ | ₹                            | ₹ |
| <b>NOTE -12</b>   |                              |   |                              |   |
| <b>INVENTORIES</b>  |                              |   |                              |   |
| Raw Materials   | 28,657,304                   |   | 41,382,542                   |   |
| Materials - in - Process  | 23,622,991                   |   | 11,191,910                   |   |
| Finished Goods  | 3,650,996                    |   | 4,187,641                    |   |
| Stores and Spare Parts  | <u>6,001,644</u>             |   | <u>6,196,339</u>             |   |
|   | <u>61,932,935</u>            |   | <u>62,958,432</u>            |   |
| <b>NOTE -13</b>   |                              |   |                              |   |
| <b>TRADE RECEIVABLES</b><br>(Unsecured, Considered good unless stated otherwise)  |                              |   |                              |   |
| Debts over six months   | 3,331,697                    |   | 5,414,026                    |   |
| Other Debts   | <u>27,576,985</u>            |   | <u>23,765,550</u>            |   |
|   | <u>30,908,682</u>            |   | <u>29,179,576</u>            |   |
| <b>NOTE -14</b>   |                              |   |                              |   |
| <b>CASH AND BANK BALANCES</b>   |                              |   |                              |   |
| Balances with Banks #   | 8,409,779                    |   | 5,623,977                    |   |
| Cash in Hand  | 164,706                      |   | 511,478                      |   |
| Fixed deposits with banks   | <u>79,007,500</u>            |   | <u>40,097,500</u>            |   |
|   | <u>87,581,985</u>            |   | <u>46,232,955</u>            |   |
| # Balance with Banks includes Unpaid Dividend of ₹ 1,06,969/- (2012 ₹ 90,441/-) and Unpaid Fractional amount of shares ₹ 2,35,138/- (2012 ₹ 2,59,296/-) |                              |   |                              |   |



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE -15   | As at 31st<br>March,<br>2013<br>₹ | As at 31st<br>March,<br>2012<br>₹ |
|--|-----------------------------------|-----------------------------------|
| <b>OTHER CURRENT ASSETS</b>                      |                                   |                                   |
| Interest accrued on Loans and Deposits           | 950,831                           | 1,370,501                         |
| Export Incentive Receivable                      | <u>1,258,937</u>                  | <u>1,479,847</u>                  |
|  | <u>2,209,768</u>                  | <u>2,850,348</u>                  |
| <br>   |                                   |                                   |
| <b>NOTE -16</b>                                  |                                   |                                   |
| <b>SHORT TERM LOANS AND ADVANCES</b>             |                                   |                                   |
| Advances to Suppliers                            | 4,984,959                         | 13,379,955                        |
| Balance with Customs, Central Excise Authorities | 9,869,372                         | 9,513,339                         |
| Other Loans and Advances                         | <u>1,955,511</u>                  | <u>1,519,693</u>                  |
|  | <u>16,809,842</u>                 | <u>24,412,987</u>                 |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE - 17                      | 2012 - 2013       |                    | 2011 - 2012        |                    |
|--------------------------------|-------------------|--------------------|--------------------|--------------------|
|                                | ₹                 | ₹                  | ₹                  | ₹                  |
| <b>REVENUE FROM OPERATIONS</b> |                   |                    |                    |                    |
| <b>SALE OF PRODUCTS</b>        |                   |                    |                    |                    |
| Calcium Sennoside              | 33,457,531        |                    | 77,806,329         |                    |
| Brucine Sulphate               | 179,635           |                    | 3,173,761          |                    |
| Strychnine Sulphate            | 85,784,006        |                    | 35,776,119         |                    |
| Tolbutamide                    | 7,534,119         |                    | 6,798,599          |                    |
| Chlorpropamide                 | 6,243,426         |                    | 2,061,860          |                    |
| PTS Urea                       | -                 |                    | 60,665             |                    |
| Metformin HCL                  | 364,320           |                    | -                  |                    |
| Formaldehyde                   | 48,125,864        |                    | 38,570,773         |                    |
| Hexamine,                      | 675,004           |                    | 7,675,286          |                    |
| Paraformaldehyde               | 5,242,574         |                    | 2,804,340          |                    |
| Phenolic Resin                 | <u>93,668,395</u> |                    | <u>112,670,520</u> |                    |
|                                |                   | <u>281,274,874</u> |                    | <u>287,398,252</u> |
| <br>                           |                   |                    |                    |                    |
| <b>OTHER OPERATING REVENUE</b> |                   |                    |                    |                    |
| Export Incentives              | 2,096,181         |                    | 2,923,025          |                    |
| Claims                         | 78,253            |                    | 71,962             |                    |
| Sale of Scrap                  | <u>78,597</u>     |                    | <u>563,476</u>     |                    |
|                                |                   | <u>2,253,031</u>   |                    | <u>3,558,463</u>   |
|                                |                   | <u>283,527,905</u> |                    | <u>290,956,715</u> |
| <br>                           |                   |                    |                    |                    |
| <b>LESS : EXCISE DUTY</b>      |                   |                    |                    |                    |
|                                |                   | <u>15,286,167</u>  |                    | <u>15,309,535</u>  |
|                                |                   | <u>268,241,738</u> |                    | <u>275,647,180</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE - 18  | 2012 - 2013 |                   | 2011 - 2012 |                   |
|--|-------------|-------------------|-------------|-------------------|
|  | ₹           | ₹                 | ₹           | ₹                 |
| <b>OTHER INCOME</b>                                      |             |                   |             |                   |
| <b>Interest</b>  |             |                   |             |                   |
| Interest on Advances, Deposits and Others - Gross        |             | 5,736,247         |             | 2,976,784         |
| <b>Dividend</b>  |             |                   |             |                   |
| From Long Term Investments - Other than Trade            |             | 3,284,884         |             | 25,326,461        |
| <b>Net gain on Sale of Investments</b>                   |             |                   |             |                   |
| Profit on Sale of Investments - Other than Trade         |             | 1,739,976         |             | 606,485           |
| <b>Other Non - Operating Income</b>                      |             |                   |             |                   |
| Exchange Rate Fluctuation (Net)                          | -           |                   | 517,085     |                   |
| Liabilities / Provision no longer required, written back | 652,726     |                   | 433,402     |                   |
| Miscellaneous Income                                     | 15,774      |                   | 905,793     |                   |
|  |             | <u>668,500</u>    |             | <u>1,856,280</u>  |
|  |             | <u>11,429,607</u> |             | <u>30,766,010</u> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

| NOTE -19                               | 2012 - 2013 |                    | 2011 - 2012 |                    |
|--|-------------|--------------------|-------------|--------------------|
|  | ₹           | ₹                  | ₹           | ₹                  |
| <b>COST OF MATERIALS CONSUMED</b>      |             |                    |             |                    |
| Senna Leaves and Pods                  |             | 13,478,145         |             | 13,626,477         |
| Methanol and Spirit                    |             | 9,615,673          |             | 9,183,286          |
| Nuxvomica Bark and Seeds               |             | 23,665,140         |             | 18,967,961         |
| N. Propyl Amine                        |             | 150,462            |             | 99,918             |
| Remax                                  |             | 3,268,681          |             | 1,824,371          |
| PTS Amide                              |             | 1,735,437          |             | 1,441,304          |
| Methanol                               |             | 45,147,905         |             | 41,743,673         |
| Ammonia                                |             | 816,563            |             | 2,851,719          |
| ISO Propanol                           |             | 315,972            |             | 179,438            |
| N. Butylamine                          |             | 254,075            |             | 528,847            |
| P. C. B. S. Amide                      |             | -                  |             | 955,776            |
| Dicynodiamide                          |             | 427,492            |             | -                  |
| Dimethylamine                          |             | 538,881            |             | -                  |
| Phenol                                 |             | 51,773,810         |             | 65,714,278         |
| DEG                                    |             | 800,752            |             | 461,511            |
| Others                                 |             | 14,265,776         |             | 11,040,282         |
|  |             | <u>166,254,764</u> |             | <u>168,618,841</u> |
| <b>NOTE -20</b>                        |             |                    |             |                    |
| <b>PURCHASES OF STOCK - IN - TRADE</b> |             |                    |             |                    |
| Calcium Sennocide                      |             | -                  |             | 1,474,095          |
|  |             | <u>-</u>           |             | <u>1,474,095</u>   |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE - 21  | ₹                 | 2012 - 2013<br>₹    | ₹                 | 2011 - 2012<br>₹   |
|--|-------------------|---------------------|-------------------|--------------------|
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS,<br/>WORK - IN - PROGRESS AND STOCK - IN - TRADE</b> |                   |                     |                   |                    |
| <b>Finished Goods</b>  |                   |                     |                   |                    |
| Opening Inventories  | 4,187,641         |                     | 9,617,327         |                    |
| Closing Inventories  | <u>3,650,996</u>  |                     | <u>4,187,641</u>  |                    |
| Net (Increase) / Decrease  |                   | 536,645             |                   | 5,429,686          |
| <b>Materials - in - Process</b>  |                   |                     |                   |                    |
| Opening Inventories  | 11,191,910        |                     | 8,359,259         |                    |
| Closing Inventories  | <u>23,622,991</u> |                     | <u>11,191,910</u> |                    |
| Net (Increase) / Decrease  |                   | <u>(12,431,081)</u> |                   | <u>(2,832,651)</u> |
|  |                   | <u>(11,894,436)</u> |                   | <u>2,597,035</u>   |
| <b>NOTE -22</b>  |                   |                     |                   |                    |
| <b>EMPLOYEE BENEFITS EXPENSE</b>   |                   |                     |                   |                    |
| Salaries, Wages and Bonus  |                   | 22,053,027          |                   | 19,399,270         |
| Contribution to Provident and Other Funds  |                   | 1,602,896           |                   | 1,248,960          |
| Workmen and Staff Welfare Expenses   |                   | <u>739,633</u>      |                   | <u>492,211</u>     |
|  |                   | <u>24,395,556</u>   |                   | <u>21,140,441</u>  |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -23                                     | 2012 - 2013<br>₹  | 2011 - 2012<br>₹  |
|--|-------------------|-------------------|
| <b>FINANCE COSTS</b>                         |                   |                   |
| Interest Expenses                            | 2,010,250         | 1,466,075         |
|  | <u>2,010,250</u>  | <u>1,466,075</u>  |
| <b>NOTE -24</b>                              |                   |                   |
| <b>DEPRECIATION AND AMORTISATION EXPENSE</b> |                   |                   |
| Depreciation                                 | 11,114,029        | 10,982,169        |
| Amortisation                                 | <u>12,752</u>     | <u>12,752</u>     |
|  | <u>11,126,781</u> | <u>10,994,921</u> |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE - 25   | 2012 - 2013 |            | 2011 - 2012 |            |
|---|-------------|------------|-------------|------------|
|   | ₹           | ₹          | ₹           | ₹          |
| <b>OTHER EXPENSES</b>                                       |             |            |             |            |
| <b>Manufacturing Expenses</b>                               |             |            |             |            |
| Consumption of stores and spare parts                       | 3,044,518   |            | 4,053,267   |            |
| Power and Fuel  | 25,013,615  |            | 20,580,217  |            |
| Repairs to Buildings  | 2,550,122   |            | 770,599     |            |
| Repairs to Machinery  | 4,830,159   |            | 5,141,561   |            |
| Repairs to Other Assets                                     | 401,595     |            | 449,631     |            |
|   |             | 35,840,009 |             | 30,995,275 |
| <b>Selling and Distribution Expenses</b>                    |             |            |             |            |
| Freight, Shipping, Delivering and Selling Expenses          | 5,742,258   |            | 5,473,922   |            |
| Selling Agents' Commission (Other than Sole Selling Agents) | 83,170      |            | 1,706,325   |            |
| Sales Promotion Expenses                                    | 49,248      |            | 27,314      |            |
|   |             | 5,874,676  |             | 7,207,561  |
| <b>Establishment Expenses</b>                               |             |            |             |            |
| Rent  | 489,292     |            | 432,865     |            |
| Rates and Taxes   | 1,059,418   |            | 1,250,096   |            |
| Bank Charges  | 219,286     |            | 544,358     |            |
| Travelling and Conveyance Expenses                          | 2,033,874   |            | 2,175,893   |            |
| Postage, Telegram and Telephone                             | 486,296     |            | 618,001     |            |
| Printing and Stationery                                     | 246,227     |            | 465,254     |            |
| Subscription  | 123,331     |            | 118,566     |            |
| Insurance   | 757,054     |            | 775,292     |            |
| Motor Vehicle Expense                                       | 489,168     |            | 572,031     |            |
| Directors' Sitting Fees                                     | 36,000      |            | 48,000      |            |
| Directors' Commission                                       | 300,000     |            | 300,000     |            |
| Research and Development Expenses                           | 1,420,428   |            | 1,470,201   |            |
| Exchange Rate Fluctuations (Net)                            | 653,293     |            | -           |            |
| Legal and Professional Fee                                  | 1,213,261   |            | 2,580,089   |            |
| Internal Audit Fees   | 56,180      |            | 55,150      |            |
| Cost Audit Fees   | 20,000      |            | 15,000      |            |
| Loss on Sale of Fixed Assets                                | -           |            | 7,819       |            |
| Obsolete and Discarded Assets Written Off                   | 409,548     |            | 31,229      |            |
| Bad Debts and Sundry Balances Written off                   | 26,932      |            | 9,784,195   |            |
| Provision for Diminution in Value of Investment             | 1,800,000   |            | -           |            |
| Miscellaneous Expenses                                      | 2,219,641   |            | 1,957,161   |            |
|   |             | 14,059,229 |             | 23,201,200 |
| <b>Payment to Auditors</b>                                  |             |            |             |            |
| Auditor   | 205,000     |            | 170,000     |            |
| For Other Services  | 136,500     |            | 135,229     |            |
| For Reimbursement of Expenses                               | 42,530      |            | 51,582      |            |
| For Service Tax   | 41,851      |            | 30,213      |            |
|   |             | 425,881    |             | 387,024    |
|   |             | 56,199,795 |             | 61,791,060 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -26   | 2012 - 2013  | 2011- 2012 |
|--|--------------|------------|
| <b>EARNING PER ORDINARY SHARE</b>                                      |              |            |
| <b>BASIC AND DILUTED</b>   |              |            |
| 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 26,045,738 | 23,840,316 |
| Earning Per Share (Basic and Diluted) (₹)                              | (B / A) 6.71 | 6.14       |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -27  | 2012 – 2013<br>₹ | 2011 – 2012<br>₹ |
|---|------------------|------------------|
| 27.01 Estimated amount of Contracts to be executed on Capital Account and not provided for:-<br>[Net of advance ₹ 13,02,500/- (2012 ₹ 7,05,700/-)]  | 31,26,110        | 19,19,500        |
| 27.02 Claims against the Company not acknowledged as debts:-<br>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           |
| 27.03 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 and the balance amount of ₹ 18,00,000/- has been provided in these accounts during the year. |                  |                  |
| 27.04 Total Salaries, Wages and Bonus for the year.   | 2,26,44,293      | 1,98,50,097      |

## 27.05 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, 2013.

| Description   | Gratuity (Funded) |            | Leave Encashment (Unfunded) |           |
|---|-------------------|------------|-----------------------------|-----------|
|   | 2013<br>₹         | 2012<br>₹  | 2013<br>₹                   | 2012<br>₹ |
| 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  | 31,79,688         | 43,96,518  | 10,80,271                   | 11,24,998 |
| Current Service Cost  | 1,81,923          | 1,25,398   | 2,02,525                    | 1,13,226  |
| Interest Cost   | 2,54,369          | 2,94,807   | 73,723                      | 68,139    |
| Actuarial (Gain) / Losses   | 1,02,461          | (1,82,881) | 3,60,311                    | 4,20,627  |
| Benefits Paid   | -                 | 14,54,154  | 3,17,469                    | 6,46,719  |
| Present value of Obligation at the end of the year  | 37,18,441         | 31,79,688  | 13,99,361                   | 10,80,271 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

| NOTE -27 (Contd.)<br>Description  | Gratuity (Funded) |            | Leave Encashment (Unfunded) |             |
|---|-------------------|------------|-----------------------------|-------------|
|   | 2013<br>₹         | 2012<br>₹  | 2013<br>₹                   | 2012<br>₹   |
| 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  | 24,62,020         | 22,23,699  | -                           | -           |
| Expected Return on Plan Assets  | 2,47,657          | 2,31,082   | -                           | -           |
| Contributions   | 10,09,845         | 14,61,393  | -                           | -           |
| Actuarial (Gain) / Losses   | -                 | -          | -                           | -           |
| Benefits Paid   | -                 | 14,54,154  | -                           | -           |
| Fair Value of Plan Assets at the end of the year  | 37,19,522         | 24,62,020  | -                           | -           |
| 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  | 37,18,441         | 31,79,688  | 13,99,361                   | 10,80,271   |
| Fair Value of Plan Assets at the end of the year  | 37,19,522         | 24,62,020  | -                           | -           |
| Assets / (Liabilities) recognized in the Balance Sheet  | 1,081             | (7,17,668) | (13,99,361)                 | (10,80,271) |
| Expenses recognized in the Statement of Profit and Loss   |                   |            |                             |             |
| Current Service Cost  | 1,81,923          | 1,25,398   | 2,02,525                    | 1,13,226    |
| Interest Cost   | 2,54,369          | 2,94,807   | 73,723                      | 68,139      |
| Expected return on Plan Assets  | (2,47,657)        | (2,31,082) | -                           | -           |
| Actuarial (Gain) / Losses   | 1,02,461          | (1,82,881) | 3,60,311                    | 4,20,627    |
| Total Expense recognized  | 2,91,096          | 6,242      | 6,36,559                    | 6,01,992    |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**NOTE -27 (Contd.)**

| Description                            | Gratuity (Funded) |           | Leave Encashment (Unfunded) |        |
|--|-------------------|-----------|-----------------------------|--------|
|  | 2013              | 2012      | 2013                        | 2012   |
|  | ₹                 | ₹         | ₹                           | ₹      |
| <b>Category of Plan Assets</b>         |                   |           |                             |        |
| Fund with LIC                          | 37,19,522         | 24,62,020 | -                           | -      |
| Actual return on Plan Assets           | 2,47,657          | 2,31,082  | -                           | -      |
| <b>Principal Actuarial Assumptions</b> |                   |           |                             |        |
| Discount Rate                          | 8.00 %            | 8.00 %    | 8.00 %                      | 8.50 % |
| Salary Escalation                      | 6.00 %            | 5.00 %    | 5.00 %                      | 5.00 % |
| Inflation Rate                         | -                 | -         | 5.00 %                      | 5.00 % |
| Expected return on Assets              | 10.06%            | 10.39 %   | -                           | -      |

**27.06 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 &amp; Company Limited

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

G. Das &amp; Company Private Limited

Albert David Limited

Bhaktwalsal Investments Limited

Vishnuhari Investments &amp; Properties Limited

M. D. Kothari &amp; Company 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, 2013**
**NOTE -27 (Contd.)**
**B. \*TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR :-**

| Nature 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 |           |
|---|---------------------------------------|-----------|--|-------------|---|-------------|--|-----------|---|-----------|
|   | 2012-2013                             | 2011-2012 | 2012-2013  | 2011-2012   | 2012-2013   | 2011-2012   | 2012-2013  | 2011-2012 | 2012-2013                               | 2011-2012 |
|   | ₹                                     | ₹         | ₹  | ₹           | ₹   | ₹           | ₹  | ₹         | ₹                                       | ₹         |
| Loans taken (Unsecured)                         | -                                     | -         | -  | 50,00,000   | -   | -           | 65,00,000  | -         | -                                       | -         |
| Repayment of loans (Unsecured)                  | -                                     | -         | 20,00,000  | 1,05,00,000 | -   | -           | 1,10,00,000  | -         | -                                       | -         |
| Interest on Loans Taken                         | -                                     | -         | 26,301   | -           | -   | -           | 9,46,494   | -         | -                                       | -         |
| Dividend Received                               | -                                     | -         | -  | -           | 27,53,039   | 2,47,77,351 | 3,16,508   | 3,16,508  | -                                       | -         |
| Directors' sitting fees                         | -                                     | -         | -  | -           | -   | -           | -  | -         | 13,000                                  | 17,000    |
| Directors' Commission                           | -                                     | -         | -  | -           | -   | -           | -  | -         | 1,00,000                                | 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   | -   | -           | 1,17,75,000  | -         | -                                       | -         |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**NOTE -27 (Contd.)**

27.07 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

|   | 2012-2013<br>₹      | 2011-2012<br>₹      |
|---|---------------------|---------------------|
| <b>Revenue External (Net Sales and other incomes)</b>             |                     |                     |
| Bulk Drugs  | 13,55,92,633        | 12,91,22,938        |
| Chemicals   | 13,26,49,105        | 14,65,24,242        |
| Others  | 1,14,29,607         | 3,07,66,010         |
| <b>Total</b>  | <b>27,96,71,345</b> | <b>30,64,13,190</b> |
| <b>Profit/(Loss) before Tax</b>                                   |                     |                     |
| Bulk Drugs  | 3,30,53,519         | 3,39,13,335         |
| Chemicals   | (56,15,850)         | (2,12,17,644)       |
| Others  | 41,40,966           | 2,56,35,031         |
| <b>Total</b>  | <b>3,15,78,635</b>  | <b>3,83,30,722</b>  |
| <b>Depreciation and Amortisation</b>                              |                     |                     |
| Bulk Drugs  | 72,12,787           | 64,21,439           |
| Chemicals   | 38,87,390           | 45,46,280           |
| Others  | 26,604              | 27,202              |
| <b>Total</b>  | <b>1,11,26,781</b>  | <b>1,09,94,921</b>  |
| <b>Non Cash Expenses Other than Depreciation and Amortisation</b> |                     |                     |
| Bulk Drugs  | —                   | —                   |
| Chemicals   | —                   | —                   |
| Others  | —                   | —                   |
| <b>Total</b>  | <b>—</b>            | <b>—</b>            |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**NOTE -27 (Contd.)**
**Capital Expenditure**

|              | 2012-2013<br>₹   | 2011-2012<br>₹     |
|--------------|------------------|--------------------|
| Bulk Drugs   | 60,32,550        | 1,25,93,424        |
| Chemicals    | 7,95,751         | 6,94,024           |
| Others       | —                | 48,040             |
| <b>Total</b> | <b>68,28,301</b> | <b>1,33,35,488</b> |

**Assets**

|              |                     |                     |
|--------------|---------------------|---------------------|
| Bulk Drugs   | 21,23,59,862        | 17,02,90,398        |
| Chemicals    | 8,37,95,036         | 9,57,26,796         |
| Others       | 10,28,56,599        | 10,48,30,804        |
| <b>Total</b> | <b>39,90,11,497</b> | <b>37,08,47,998</b> |

**Liabilities \***

|              |                    |                    |
|--------------|--------------------|--------------------|
| Bulk Drugs   | 2,31,71,679        | 1,25,76,158        |
| Chemicals    | 2,64,06,283        | 6,19,53,644        |
| Others       | 3,16,97,636        | (44,58,205)        |
| <b>Total</b> | <b>8,12,75,598</b> | <b>7,00,71,597</b> |

\* Excluding Shareholders' Funds

**Information about Secondary Segments**
**Segment Revenue (External) by Geographical Location of Customers**

|               |                     |                     |
|---------------|---------------------|---------------------|
| Within India  | 13,09,78,100        | 14,27,93,137        |
| Outside India | 13,72,63,638        | 13,28,54,043        |
| <b>Total</b>  | <b>26,82,41,738</b> | <b>27,56,47,180</b> |

**Segment Assets by Geographical Locations**

|               |                     |                     |
|---------------|---------------------|---------------------|
| Within India  | 29,61,54,898        | 26,60,17,194        |
| Outside India | —                   | —                   |
| <b>Total</b>  | <b>29,61,54,898</b> | <b>26,60,17,194</b> |

**Segment Capital Expenditure**

|               |                  |                    |
|---------------|------------------|--------------------|
| Within India  | 54,05,301        | 1,32,87,448        |
| Outside India | 14,23,000        | —                  |
| <b>Total</b>  | <b>68,28,301</b> | <b>1,32,87,448</b> |

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**NOTE -27 (Contd.)**

|  | 2012 - 2013   |  | 2011 - 2012   |  |
|--|---------------|--|---------------|--|
|  | ₹             |  | ₹             |  |
| 27.08 Expenditure in foreign currency: |               |  |               |  |
| Bank Commission                        | 31,846        |  | 9,607         |  |
| Travelling Expenses                    | -             |  | 49,129        |  |
|  | <u>31,846</u> |  | <u>58,736</u> |  |

27.09 Value of imported and indigenous raw materials and spare parts and components consumed :

|            | Raw Materials       |               |                     |               | Spare Parts and Components |            |                  |            |
|------------|---------------------|---------------|---------------------|---------------|----------------------------|------------|------------------|------------|
|            | 2012 - 2013         |               | 2011 - 2012         |               | 2012 - 2013                |            | 2011 - 2012      |            |
|            | ₹                   | %             | ₹                   | %             | ₹                          | %          | ₹                | %          |
| Imported   | 13,28,152           | 0.80          | 13,60,635           | 0.80          | -                          | -          | -                | -          |
| Indigenous | 16,49,26,612        | 99.20         | 16,72,58,206        | 99.20         | 30,44,518                  | 100        | 40,53,267        | 100        |
|            | <u>16,62,54,764</u> | <u>100.00</u> | <u>16,86,18,841</u> | <u>100.00</u> | <u>30,44,518</u>           | <u>100</u> | <u>40,53,267</u> | <u>100</u> |

|                                   | 2012-2013 |  | 2011-2012 |  |
|-----------------------------------|-----------|--|-----------|--|
|                                   | ₹         |  | ₹         |  |
| 27.10 C. I. F. Value of Imports : |           |  |           |  |
| Capital Goods                     | 14,23,000 |  | -         |  |
| Raw Materials                     | 32,18,950 |  | 10,30,300 |  |
| Stores & Spares Parts             | -         |  | 4,60,620  |  |

|  |              |              |
|--|--------------|--------------|
| 27.11 Earnings in foreign exchange:            |              |              |
| Export of goods (calculated on F. O. B. basis) | 13,46,41,322 | 13,11,07,908 |

|  |           |           |
|--|-----------|-----------|
| 27.12 Total consumption of Stores and Spares Parts (including other heads of accounts) | 61,00,947 | 76,39,721 |
|--|-----------|-----------|

27.13 The previous year's figures have been regrouped / reclassified, wherever necessary to conform to the current year's presentation.

Signature to Note '1' to '27'

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

P. D. Kothari  
Director

K. C. Mohla  
Director

Kolkata,  
30th May, 2013

**Name(s) and Address of Member(s)**

|  |          |                        |
|--|----------|------------------------|
| Folio / DP ID and Client ID :                      | Shares : | <b>ATTENDANCE SLIP</b> |
| Sl. No.  |          |                        |
| Attendance by<br>(Please tick the appropriate box) |          |                        |
| <input type="checkbox"/> Member                    |          |                        |
| <input type="checkbox"/> Proxy                     |          |                        |
| <input type="checkbox"/> Authorised Representative |          |                        |

I/We certify that I/we am/are member(s) / proxy for the member(s) of the Company

I/We hereby record my/our presence at the 117th ANNUAL GENERAL MEETING of the Company being held at INDIAN CHAMBER OF COMMERCE AUDITORIUM (10th Floor), 4, India Exchange Place, Kolkata - 700 001 on Monday, August 12, 2013 at 3.00 P.M.

Name of Proxy (in BLOCK LETTERS) Signature of Member(s) / Proxy

Note : Please sign this attendance slip and hand it over at the Attendance Verification Counter at the VENUE of the Meeting.

**PROXY FORM**

I/We..... of.....  
..... being a member(s) of Kothari Phytochemicals & Industries Limited  
hereby appoint..... of.....or

proxy to attend and to vote for me / us on my / our behalf at the 117th ANNUAL GENERAL MEETING of the Company to be held on Monday, August 12, 2013 at 3.00 P.M. at Indian Chamber of Commerce Auditorium (10th Floor), 4, India Exchange Place, Kolkata - 700 001 and at any adjournment thereof.

Given this..... day of.....2013

|                               |                                   |
|-------------------------------|-----------------------------------|
| Folio / DP ID and Client ID : | Affix Re. 1/-<br>Revenue<br>Stamp |
| No. of Shares held :          |                                   |

(Signature of Member(s) across the stamp)

Notes : 1) The Proxy need NOT be a member.  
2) The Proxy form signed across revenue should be deposited at the Registered Office of the Company at least 48 hours before the scheduled time of the meeting.