

Annual Report 2014 - 2015



KOTHARI PHYTOCHEMICALS & INDUSTRIES LTD.

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BOARD OF DIRECTORS	SRI A. K. KOTHARI – Chairman	00051900
	SMT P. D. KOTHARI – Director	00051860
	SRI A. V. KOTHARI – Director	02572346
	SRI S. BAGRI – Director	00659888
	SRI A. KHANDELWAL – Director	00416445
	SRI A. AGARWAL – Director	00054252
	SRI K. C. MOHTA – Director	00051816
	SRI A. K. TOSHNIWAL – Managing Director	06872891
SECRETARY	SRI M. L. DAGA	
AUDITORS	DUTTA, GHOSH & ASSOCIATES, KOLKATA	
BANKERS	BANK OF BARODA INDIAN OVERSEAS BANK VIJAYA BANK	
REGISTERED OFFICE	C-4, GILLANDER HOUSE, 8, N. S. ROAD, KOLKATA-700 001	
REGISTRAR & SHARE TRANSFER AGENT	M/S. MAHESHWARI DATAMATICS PVT. LTD. 6, MANGOE LANE, 2ND FLOOR, KOLKATA – 700 001	
MANUFACTURING UNITS		
PHYTOCHEMICALS DIVISION	MADURAI (Tamil Nadu) Mfrs. of : Chemicals and Crude Drugs	
SOUTHERN SYNTHETICS DIVISION	RANIPET (Tamil Nadu) Mfrs. of : Formaldehyde and Hexamine	
CLARO INDIA DIVISION	GUMMIDIPOONDI (Tamil Nadu) Mfrs. of : Phenolic Resin	
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DIRECTORS' REPORT
TO THE SHAREHOLDERS

Your Directors have pleasure in presenting ONE HUNDRED NINETEENTH Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2015.

1. FINANCIAL SUMMARY OR PERFORMANCE OF THE COMPANY : ₹ ₹

PARTICULARS	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
Sales for the year (Net of Excise Duty)	286,503,049	313,135,679
Other Income	14,694,110	18,260,421
Other operating Income	3,695,665	1,931,989
Total Income	304,892,824	333,328,089
Profit before Depreciation and Taxation	73,968,428	56,858,852
Less : Depreciation (Including Transitional Adjustment ₹ 64,57,682/-)	16,755,562	10,863,184
Profit before Taxation	57,212,866	45,995,668
Less : Provision for Taxation: Current Tax Deferred Tax	11,000,000 (265,279)	7,100,000 10,156,697
Profit after Taxation	46,478,145	28,738,971
Add: Balance brought forward	9,177,372	4,524,642
Profit available for appropriation	55,655,517	33,263,613
Proposed Dividend @25% (Previous year @20%) i.e ₹ 2.50 per share of ₹10/-each including dividend distribution tax	11,684,246	9,086,241
Transfer to General Reserve	35,000,000	15,000,000

2. DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 25 % i. e. ₹ 2.50 (previous year 20% i.e. ₹ 2.00) per ordinary share of ₹ 10/- each for the year under review. The total payout amounts to ₹ 11,684,246/- including ₹ 1,976,308/- as Dividend Distribution Tax.

3. RESERVE

Your company has transferred an amount of ₹ 35,000,000/- to the General Reserve for the financial year ended 31st March, 2015.

DIRECTORS' REPORT — (Contd.)**4. SHARE CAPITAL**

The Paid-up Share Capital of the Company as on 31st March, 2015 was ₹ 38,831,750/-. There has been no change in the Equity Share Capital of the Company during the year.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

Due to economic slowdown Production and Sales of Formaldehyde & Resins are lower. Phytochemical products are meant for export. Lab trials have been completed for the new phyto products. Business at Europe is very slow, but there is some improvement in USA. There was continuous power cut and Power shortage in Tamil Nadu during the year, but of late it has started improving now.

SEGMENTWISE PERFORMANCE**a) PHYTOCHEMICALS DIVISION**

The performance of the division has looked up and the turnover has increased to ₹ 16.41 crores compared to ₹ 12.85 crores last year. The revival of US economy and favourable exchange rate of INR vis-à-vis USD contributed to the profit of the company. The Euro economy is still uncertain. Prices of Nux Vomica Seed is very much fluctuating. Company expects more Bulk order for Calcium Sennoside / Tolbutamide. The present order book position is reasonably good and the steps have already been taken for Pollution and Environmental clearance for the new phyto project and it is expected that the same may be received by the end of the year.

b) SOUTHERN SYNTHETICS DIVISION

Power cut in Tamil Nadu and weaker demand of Formaldehyde has affected adversely working of the division. There is also slowdown in demand from plywood consumers. The ban on the use of Formaldehyde in the leather chemicals & leather Goods is still continuing, and the economic viability of this division is uncertain.

c) CLARO INDIA DIVISION

As reported last year the major customers of Claro from automobile and refractory sectors were under severe recession during the year, resulting in lower demand for resins. The power scenario in Tamil Nadu is affecting the overall working of the division. During the year we had also started the exports of Paraformaldehyde which has slightly improved the working of the division. Efforts have been made to develop new customers. With continuous thrust on expanding the customer base and development of new product variety, your directors are hopeful of better results for this division in the days to come.

OPPORTUNITIES AND THREATS

Tolbutamide and Chlorpropamide is approved by the customers from Canada, Japan and Italy. Bulk orders of Calcium Sennoside is expected from overseas customers. Order book position for Strychnine is comfortable. However, power supply and its frequent interruption in Tamil Nadu is a constraint to

DIRECTORS' REPORT — (Contd.)

improve the economy of the Company. Efforts are being made to run the plant by DG Set as and when required, which will increase the cost of production.

OUTLOOK

The upgradation made in the manufacturing facility will improve the quality of Phyto products that will yield us better margin of profit. Production of new Phyto products will increase the revenue of the Company.

RISK AND CONCERNS

Uncertainty in the supply of Nuxvomica seeds and their prices are a serious concern. Volatility in the exchange rate of US Dollar to Indian Rupee and increase in the prices of input raw materials and utilities is another concern which may affect the working of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control in all operational areas which protects and safeguard from loss and/or any malpractices. The Company do maintain financial records according to Accounting Standard introduced by the Government. Independent Chartered Accountants' Firms carry out the internal audit of all divisions of the Company. The Audit Committee at their meeting considers every quarter the comments, if any, in Audit Reports and devises ways and means to implement the suggestions.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company considers human resources as its most important assets and is constantly in enriching the value and developing competencies of human resources through various development strategies.

CAUTIONARY STATEMENT

The report given in here-in-above contain certain statements relating to the future projections and therefore forward looking within the meaning of prevailing circumstances, but result may changes due to some unforeseen circumstances. You should make your own judgement of the statements given herein.

6. DIRECTOR & KEY MANAGERIAL PERSONNEL

Smt. Prabhawati Devi Kothari (DIN: 00051860) Non-executive Director retires by rotation from the Board and being eligible, offer herself for re-election.

Sri Anand Vardhan Kothari (DIN : 02572346) was appointed as an Additional Director on the Board with effect from 14th November, 2014 under Section 161(1) of the Companies Act, 2013 to hold such office only upto the date of the Annual General Meeting of the Company. A Notice under Section 160 of the Companies Act, 2013 with requisite deposit has been received from a member proposing his candidature for the office of the Director of the Company. The Board recommends his appointment as Director.

DIRECTORS' REPORT — (Contd.)

A brief particular of the Directors, as required, has been given in the Statement of Corporate Governance published along with this Annual Report.

None of the Directors are disqualified under Section 164(2) of the Companies Act, 2013.

DECLARATIONS OF INDEPENDENT DIRECTORS

All Independent Directors have given declarations under Section 149(7) of the Companies Act, 2013 and that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of the listing agreement.

MEETING OF THE INDEPENDENT DIRECTORS

During the year one meeting of Independent Directors was held without the presence of the Executive Directors or Management Personnel. The purpose of the meeting was to evaluate the performance of the Whole time Directors as well as performance of the Chairman and the Board as a whole. The meeting also assessed the quality of flow of information at different levels.

BOARD EVALUATION

As required by the Companies Act 2013 Annual evaluation needs to be made by the Board of its own performance. Accordingly the Board evaluates the performance of non-executive and Independent Directors. The Directors evaluate performances of other Directors (excepting himself) and its various sub-committees and provide their feedback to the Nomination & Remuneration Committee. All the non-executive & the Independent Directors are eminent personalities having wide experience in the field of business, Industry & Administration. Their presence in the Board is advantageous and fruitful in taking business decision.

KEY MANAGERIAL PERSONNEL

The following employees were designated as whole time Key Managerial Personnels by the Board of Directors during the year under review :

1. Sri A. K. Toshniwal, Managing Director
2. Sri M. L. Daga, Secretary.

Sri Dinesh Kumar Somani was appointed as Chief Financial Officer of the Company on 12th August, 2014 but he has resigned from the said post on 11th December, 2014. In his place the Company has in its meeting held on 29th May, 2015 appointed Sri Keshav Binani as Chief Financial Officer of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134(5) of the Companies Act, 2013 your Directors hereby state and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT — (Contd.)

- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit and Loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis;
- v) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REMUNERATION POLICY

The Board has on recommendations of the Nomination & Remuneration Committee framed a policy for selection, appointment and remuneration of Directors, Key Managerial Personnels and Senior Officers of the Company. The Remuneration Policy is stated in Annexure ' I ' of this report.

REMUNERATION RATIO OF DIRECTORS / KEY MANAGERIAL PERSONNEL / EMPLOYEES.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 in respect of employees of the Company and Directors are given in Annexure ' II ' which forms part of this report.

FAMILIARIZATION PROGRAMME

The Company is familiarizing its Independent Directors from time to time with regard to their roles, rights, responsibilities as enumerated in Schedule IV of the Companies Act, 2013. They are fully appraised with nature of the business in which Company operates. The Independent Directors have been provided with necessary documents reports and internal control system to familiarise them with the Company's policies, procedures and practices.

7. PUBLIC DEPOSITS

The Company has not accepted any deposits from members and public under Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

8. NUMBER OF BOARD MEETINGS HELD

During the year under review, six Board Meetings were held, the details of which are given in the Clause 2(b) of the Corporate Governance Report.

DIRECTORS' REPORT — (Contd.)**9. COMMITTEES OF THE BOARD**

At present the Board has constituted four committees viz. (a) Audit Committee, (b) Nomination and Remuneration Committee, (c) Stakeholders Relationship Committee and (d) Risk Management Committee, the details of which are given under Clause 3 of Corporate Governance Report.

10. STATUTORY AUDITORS AND AUDIT REPORTS

Messrs Dutta, Ghosh & Associates, (Firm Registration No. 309088E) Chartered Accountants, who have been appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 12th August, 2014 to hold office till the end of this meeting, retire at this meeting and being also eligible offer themselves for re-appointment. The Board proposes to appoint them as Statutory Auditors from the conclusion of this Annual General Meeting till the end of the next Annual General Meeting.

Messrs Singhi & Co., (Firm Registration No. 302049E) Chartered Accountants, the Branch Auditors for Phytochemicals Division at Madurai and Messrs Srikanth & Shanthi Associates, (Firm Registration No. 0040065) 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 Section 139 and 141 of the Companies Act, 2013 have been obtained from each of them.

The observation of the Auditors in their Report read together with the notes on Accounts are self-explanatory and therefore, in the opinion of the Directors do not call for any further explanation or clarification.

SECRETARIAL AUDIT REPORT

The Board of Directors of the Company have appointed Sri Ashok Kumar Daga, Company Secretary (Registration No.FCS-2699) as Secretarial Auditor of the Company in relation to the Financial Year 2014-15 in terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The report of Secretarial Auditor is attached as Annexure ' III ' and forms as integral part of this report.

The comments mentioned in Secretarial Audit Report are self-explanatory.

11. CORPORATE SOCIAL RESPONSIBILITY

The Net worth, turnover and the net profit of the Company being less than the prescribed limits, Section 135 of the Companies Act, 2013 is not applicable during the year under review.

12. RELATED PARTY TRANSACTIONS

There were no contracts or arrangement entered into by the Company in accordance with the provisions of Section 188 of the Companies Act, 2013. However, Related Party Transactions are entered in ordinary course of business and in accordance with Accounting Standard 18. The Related Party Transactions are disclosed under Note No.28.06 of the Financial Statement. There were no materially

DIRECTORS' REPORT — (Contd.)

significant Related Party Transactions made by the Company during the year under review, which may have a potential conflict with the interest of the Company. All related party transactions are placed and approved by Audit Committee and the Board. Accordingly, the Related Party Transaction as required under the Companies Act, 2013 in Form AOC-2 is not applicable.

13. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, Company has not given any loan or guarantee to any other persons but acquired securities as mentioned under Note No.11 of the Financial Statement.

14. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 forming part of this report are attached as annexure 'IV'.

15. SUBSIDIARIES & ASSOCIATES

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of our Associate Company is given in the prescribed format AOC-1 which is annexed as ' V ' and forming part of this report.

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

The information related to energy conservation, technology absorption and foreign exchange earnings & Outgo – going in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given as Annexure ' VI ' and forming part of this Report.

17. CORPORATE GOVERNANCE

A Report on the Corporate Governance Code along with a certificate from the Auditors of the Company in compliance with Clause 49 of the Listing Agreement is attached herewith and marked as Annexure ' VII ' forming a part of this Report.

18. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material order has been passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and company's operations in future.

19. MATERIAL CHANGES AND COMMITMENTS IF ANY EFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT.

There is no material changes and commitments during the period between end of the financial year and the date of this report.

DIRECTORS' REPORT — (Contd.)**20. VIGIL MECHANISM**

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board & Powers) Rules, 2014 the Company has established the Vigil Mechanism for Directors and employees to report genuine concerns to the Chairman of the Audit Committee. The Company is complying Code of Conduct, rules & regulations and ethics and particularly to assure that business is conducted with integrity and that the Company's financial information is accurate. The Audit Committee is empowered to oversee Vigil Mechanism and to address promptly for any potential violations reported to it. Every Director or Employee can freely report to the Company any suspected violations of Code of Conduct rules & regulations and ethics. Employees can also report to their immediate Supervisor or the Compliance Officer or to the Chairman of the Audit Committee of the Company. The Committee assures protection to genuine complainant from any harassment.

21. RISK MANAGEMENT

Risk Management is very important part of business. The main aim of Risk Management is to identify, monitor and to take step to mitigate the risk of the business. Pursuant to requirement of Clause 49 of the Listing Agreement, the Board of Directors have constituted a Committee to consider risk of the business from time to time and suggest methods to mitigate the same.

22. CEO AND CFO CERTIFICATIONS

In accordance with the provisions of the Clause 49 of the Listing Agreement, the Managing Director of the Company has submitted a certificate for the year ended 31st March, 2015 to the Board of Directors.

23. 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.

24. 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.

On behalf of the Board,

A. K. Kothari
Chairman

Kolkata
29th May, 2015

ANNEXURE - I**NOMINATION AND REMUNERATION POLICY**

The Board has constituted the Nomination and Remuneration Committee on 27th May, 2014 consisting of Sri Surendra Bagri, Chairman, Sri Arun Kumar Kothari and Sri Ajit Khandelwal, the members to frame the appointment and remuneration policy with authority to reconstitute the said committee from time to time as and when so required. The said committee formulated a policy of the Company for appointment and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees including criteria for determining qualification, positive attitudes, independence of directors and other matters including remuneration as provided under Sub-section 3 of Section 178 of the Companies Act, 2013, and recommended to the Board. The salient features of the said policy are given herein below :

The objectives and purpose of the policy is to formulate criteria for determining qualification, capability, positive attitudes and independence for appointment of a Director (executive/non executive) and to recommend remuneration of the directors, KMPs and other senior employees to the Board. It should evaluate the performance of directors and KMPs and to fix scale of remuneration for employees linked to their efforts and performance and achievement relating to the Company's goals and recommend to the Board of Directors for their approvals.

The committee should examine the qualification, experience, ethics and recommend to the Board for appointment of Directors, KMPs and also recommend the remuneration to the Board Considering their capabilities, talent, the market value and prevalent trend in the market for appointment and remuneration of such employees from time to time.

The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.

A person to be appointed as director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.

The remuneration and commission to be paid to the managing director shall be in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

Increments to the existing remuneration/compensation structure may be recommended by the committee to the Board which should be within such limit the company can bear depending upon its size and financial health.

Where any insurance is taken by the Company on behalf of its managing directors, chief financial officer, the company secretary and any other employees for indemnifying them against any liability, the

ANNEXURE - I (Contd.)

premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Committee on review of performance of KMPs and other employees of the Company may recommend to the Board for removal of such person if they consider him not to continue further in the interest of the Company.

This policy is framed based on the provisions of the Companies Act 2013 and rules thereunder and requirements of Clause 49 of the Listing agreement with the stock exchanges.

This policy shall be reviewed by the nomination and remuneration committee as and when changes need to be incorporated in the policy due to changes in regulation or as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee would be given for approval to the Board.

ANNEXURE - II
DETAILS PERTAINING TO REMUNERATION

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) & 5(2) of the companies

(Appointment and remuneration of managerial personnel) Rules, 2014

- A (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-2015, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-2015 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under.

Sl. No.	Name of the Director / KMP and Designation	Remuneration of Director/ KMP for the financial year 2014-15 (₹ in Lacs)	% Increase in Remuneration in the financial year 2014-15	Ratio of remuneration of each Director / KMP to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Sri Arun Kumar Kothari - Chairman	0.67	24.07	0.31	
2.	Smt. Prabhawati Devi Kothari - Director	0.57	0.00	0.26	
3.	Sri Anand Vardhan Kohtari - Director	0.45	N.A.	0.21	
4.	Sri Surendra Bagri - Director	0.65	4.84	0.30	
5.	Sri Ajit Khandelwal - Director	0.71	10.94	0.32	
6.	Sri Aniket Agarwal - Director	0.51	(-) 7.27	0.23	
7.	Sri Keshari Chand Mohta - Director	0.57	(-) 1.72	0.26	
8.	Sri A. K. Toshniwal - Managing Director (from 1st July, 2014)	14.16	N.A.	6.47	3.05% of the Net Profit
9.	Sri Dinesh Kumar Somani - Chief Financial Officer (from 12th August to 10th September 2014)	2.36	N.A.	1.08	0.51% of the Net Profit
10.	Madan Lal Daga - Company Secretary	13.25	9.32	6.05	2.85% of the Net Profit

ANNEXURE - II (Contd.)

- (ii) The median Remuneration of employees of the Company during the financial year was 2.19 Lacs p.a.;
 - (iii) In the Financial Year, there was increase of 10.96% in the median remuneration of employees;
 - (iv) There are 49 permanent employees on the rolls of the Company as on 31st March, 2015;
 - (v) Relationship between average increase in remuneration and Company performance :- The following factors are considered while giving increase in the remuneration :
 - (a) Financial performance of the company and its sustainability year after year.
 - (b) Industry benchmarking and consideration towards out of living adjustment / inflation.
 - (vi) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company :- For the financial year 2014-15 Key Managerial Personnel were paid 6.48% of the net profit of the Company.
 - (vii) Market capitalisation and Price Earnings ratio cannot be assessed, since The Calcutta Stock Exchange is not functional.
- B. Particulars of the employees as required to be reported pursuant to section 197 read with Rules 5(2) of the Companies (Appointment & Remuneration) Rule 2014 is not applicable to the Company.

ANNEXURE - III**FORM NO. MR-3**

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2015 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,

Kothari Phytochemicals & Industries Limited,

C-4, Gillander House,

8, Netaji Subhas Road,

Kolkata - 700 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kothari Phytochemicals & Industries Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Kothari Phytochemicals & Industries Limited, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st, March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kothari Phytochemicals & Industries Limited for the financial year ended on 31st, March, 2015 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

ANNEXURE - III (Contd.)

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies, Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) Factories Act, 1948.
- (j) Drugs and Cosmetics Act, 1940 and rules made thereunder.
- (k) Water (prevention and Control of pollution) Act, 1974.

I have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not Yet Notified, hence not applicable).
- (ii) The Listing Agreements entered into by the Company with The Calcutta Stock Exchange Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Kolkata,
29th May, 2015

Ashok Kumar Daga
Practicing Company Secretary
FCS-2699 & CP -2948

ANNEXURE - IV
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1. CIN	L15491WB1897PLC001365
2. Registration Date	10/03/1897
3. Name of the Company	M/s. Kothari Phytochemicals & Industries Limited
4. Category / Sub-Category of the Company	Category : Company Limited by Shares Sub-Category : Indian Non-Government Company
5. Address of the Registered Office & Contact details	C-4, Gillander House, 8, Netaji Subhas Road, Kolkata-700 001 Phone No. : 91-33-2230-2331 (6 Lines) Fax : 91-33-2242-7286 E-mail : mldaga1957@yahoo.co.in
6. Whether listed company	Yes.
7. Name, Address & Contact details of the Registrar & Transfer Agent, if any	M/s. Maheshwari Datamatics Private Limited 6, Mangoe Lane, 2nd Floor, Kolkata-700 001 Phone : (033) 2243-5809 / 5029 Fax : 91-33-2248-4787 E-mail : mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated) :

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the company
1.	Veterinary preparations : Strychnine Sulphate	21005	51%
2.	Organic and Inorganic Chemical Compounds : Phenolic Resin	20119	29%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	M/s. Gillanders Arbuthot & Company Limited C-4, Gillander House, 8, N.S. Road, Kolkata-700 001	L51909WB1935PLC008194	Associate	25.78%	2 (6)

ANNEXURE - IV (Contd.)
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2014]			No. of Shares held at the end of the year [As on 31st March 2015]			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/ HUF	38340	36000	74340	38340	36000	74340	0.0000
b) Central Govt.	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corp.	2765605	8000	2773605	2765605	8000	2773605	0.0000
e) Banks/Fi	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
Sub-total (A)(1)	2803945	44000	2847945	2803945	44000	2847945	0.0000
(2) Foreign							
a) NRIs - Individuals	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-
d) Banks/Fi	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	2803945	44000	2847945	2803945	44000	2847945	0.0000



ANNEXURE - IV (Contd.)

ii) Category-wise Share Holding :

[illegible]

ANNEXURE - IV (Contd.)

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2014]			No. of Shares held at the end of the year [As on 31st March 2015]			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
2. Non-Institutions							
a) Bodies Corp.							
i) Indian	838000	3569	841569	838000	3569	841569	0.0000
ii) Overseas	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11265	16312	27577	11280	16297	27577	0.0000
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	162000	0	162000	162000	0	162000	0.0000
c) Others (Specify)							
Non Resident Indians	4	4080	4084	4	4080	4084	0.0000
Qualified Foreign Investor	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-
Foreign Bodies-D R	-	-	-	-	-	-	-
Sub-total(B)(2)	1011269	23961	1035230	1011284	23946	1035230	0.0000
Total Public Shareholding (B)= (B)(1)+ (B)(2)	1011269	23961	1035230	1011284	23946	1035230	0.0000
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
Grand Total (A+B+C)	3815214	67961	3883175	3815229	67946	3883175	0.0000

ANNEXURE - IV (Contd.)

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	COMMERCIAL HOUSE PRIVATE LIMITED	755414	20.4836	0.0000	755414	19.4535	0.0000	(-) 1.0301
2	KOTHARI & COMPANY PRIVATE LIMITED	594960	15.3215	0.0000	594960	15.3215	0.0000	0.0000
3	M. D. KOTHARI & COMPANY LIMITED	576525	14.8467	0.0000	576525	14.8467	0.0000	0.0000
4	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED	510720	13.1521	0.0000	550720	14.1822	0.0000	(+) 1.0301
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED	241568	6.2209	0.0000	241568	6.2209	0.0000	0.0000
6	UMA BINANI	36000	0.9271	0.0000	36000	0.9271	0.0000	0.0000
7	BHAKTAWATSAL INVESTMENTS LIMITED	24459	0.6299	0.0000	24459	0.6299	0.0000	0.0000
8	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED	20959	0.5397	0.0000	20959	0.5397	0.0000	0.0000
9	ARUN KUMAR KOTHARI	19040	0.4903	0.0000	19040	0.4903	0.0000	0.0000
10	ANAND VARDHAN KOTHARI	13300	0.3425	0.0000	13300	0.3425	0.0000	0.0000
11	PREMIER SUPPLIERS PRIVATE LIMITED	8000	0.2060	0.0000	8000	0.2060	0.0000	0.0000
12	PRABHAWATI DEVI KOTHARI	4000	0.1030	0.0000	4000	0.1030	0.0000	0.0000
13	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND H UF	2000	0.0515	0.0000	2000	0.0515	0.0000	0.0000
14	SATYAM FINANCIAL SERVICES LIMITED	1000	0.0258	0.0000	1000	0.0258	0.0000	0.0000
	TOTAL	2847945	73.3406	0.0000	2847945	73.3406	0.0000	0.0000

ANNEXURE - IV (Contd.)

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BHAKTWATSAL INVESTMENTS LIMITED At the beginning of the year At the end of the year	24459	0.6299	24459 24459	0.6299 0.6299
2	COMMERCIAL HOUSE PRIVATE LIMITED At the beginning of the year As on 29/08/2014 - Transfer At the end of the year	795414 (-) 40000	20.4836 (-)1.0301	795414 755414 755414	20.4836 19.4535 19.4535
3	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED At the beginning of the year At the end of the year	20959	0.5397	20959 20959	0.5397 0.5397
4	KOTHARI & COMPANY PRIVATE LIMITED At the beginning of the year At the end of the year	594960	15.3215	594960 594960	15.3215 15.3215
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED At the beginning of the year At the end of the year	241568	6.2209	241568 241568	6.2209 6.2209
6	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED At the beginning of the year As on 29/08/2014 - Transfer At the end of the year	510720 (+) 40000	13.1521 (+)1.0301	510720 550720 550720	13.1521 14.1822 14.1822
7	M. D. KOTHARI & COMPANY LIMITED At the beginning of the year At the end of the year	576525	14.8467	576525 576525	14.8467 14.8467
8	ARUN KUMAR KOTHARI At the beginning of the year At the end of the year	19040	0.4903	19040 19040	0.4903 0.4903

ANNEXURE - IV (Contd.)

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year At the end of the year	2000	0.0515	2000 2000	0.0515 0.0515
10	SATYAM FINANCIAL SERVICES LIMITED At the beginning of the year At the end of the year	1000	0.0258	1000 1000	0.0258 0.0258
11	PRABHAWATI DEVI KOTHARI At the beginning of the year At the end of the year	4000	0.1030	4000 4000	0.1030 0.1030
12	ANAND VARDHAN KOTHARI At the beginning of the year At the end of the year	13300	0.3425	13300 13300	0.3425 0.3425
13	UMA BINANI At the beginning of the year At the end of the year	36000	0.9271	36000 36000	0.9271 0.9271
14	PREMIER SUPPLIERS PRIVATE LIMITED At the beginning of the year At the end of the year	8000	0.2060	8000 8000	0.2060 0.2060

ANNEXURE - IV (Contd.)

 iv) Shareholding Pattern of top ten Shareholders
 (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BNK SECURITIES PRIVATE LIMITED At the beginning of the year At the end of the year	170000	4.3779	170000 170000	4.3779 4.3779
2	BNK CAPITAL MARKETS LIMITED At the beginning of the year At the end of the year	150000	3.8628	150000 150000	3.8628 3.8628
3	JAYSHREE NIRMAL LIMITED At the beginning of the year At the end of the year	176000	4.5324	176000 176000	4.5324 4.5324
4	PATREX VYAPAAR LIMITED # At the beginning of the year As on 30/09/2014 - Transfer At the end of the year	170000 (-)170000	4.3779 (-) 4.3779	170000 0 0	4.3779 0.0000 0.0000
5	ASIAN SECURITIES EXCHANGE PRIVATE LIMITED * At the beginning of the year As on 30/09/2014 - Transfer At the end of the year	0 (+)170000	0.0000 (+) 4.3779	0 170000 170000	0.0000 4.3779 4.3779
6	ARTECH MERCHANTS PRIVATE LIMITED At the beginning of the year At the end of the year	172000	4.4294	172000 172000	4.4294 4.4294
7	ASHOK KUMAR BANKA At the beginning of the year At the end of the year	162000	4.1718	162000 162000	4.1718 4.1718
8	ASHA DEVI SABOO At the beginning of the year At the end of the year	4000	0.1030	4000 4000	0.1030 0.1030
9	ALKA KOTHARI At the beginning of the year At the end of the year	1600	0.0412	1600 1600	0.0412 0.0412

ANNEXURE - IV (Contd.)

 iv) Shareholding Pattern of top ten Shareholders
 (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10	BANK OF BARODA At the beginning of the year At the end of the year	3200	0.0824	3200 3200	0.0824 0.0824
11	PRINCESS SHOBHANA RANA At the beginning of the year At the end of the year	3520	0.0906	3520 3520	0.0906 0.0906

Ceased to be in the list of Top 10 shareholders as on 31/03/2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2014.

* Not in the list of Top 10 shareholders as on 01/04/2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2015.

ANNEXURE - IV (Contd.)

v) Shareholding of Directors and Key Managerial Personnel

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ARUN KUMAR KOTHARI At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	19040	0.4903	19040 19040	0.4903 0.4903
2	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	2000	0.0515	2000 2000	0.0515 0.0515
3	PRABHAWATI DEVI KOTHARI At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	4000	0.1030	4000 4000	0.1030 0.1030
4	ANAND VARDHAN KOTHARI At the beginning [As on 14/11/2014] At the end of the year [As on 31/03/2015]	13300	0.3425	13300 13300	0.3425 0.3425
5	KESHARI CHAND MOHTA At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	100	0.0026	100 100	0.0026 0.0026
6	MADAN LAL DAGA At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	25	0.0006	25 25	0.0006 0.0006
7	SURAJ DAGA At the beginning of the year [As on 01/04/2014] At the end of the year [As on 31/03/2015]	1	0.0000	1 1	0.0000 0.0000

ANNEXURE - IV (Contd.)
V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	28,497,262.00	20,477.00	-	28,517,739.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	28,497,262.00	20,477.00	-	28,517,739.00
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	5,741,658.00	-	-	5,741,658.00
Net Change	(5,741,658.00)	-	-	(5,741,658.00)
Indebtedness at the end of the financial year				
i) Principal Amount	22,755,604.00	20,477.00	-	22,776,081.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	22,755,604.00	20,477.00	-	22,776,081.00

ANNEXURE - IV (Contd.)
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A . Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WT/Manager	Total Amount
		Sri. A. K. Tonshniwal*- Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,411,200.00	1,411,200.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,225.00	5,225.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission		
	- as % of profit	—	—
	- others, specify...	—	—
5	Others, please specify	—	—
	Total (A)	1,416,425.00	1,416,425.00
	Ceiling as per the Act **		

* Sri A. K. Toshniwal was promoted and appointed as Managing Director effective July 01, 2014 and hence his remuneration is shown only for the period from July 01, 2014 to March 31, 2015.

** The limit is well within the limits prescribed under the Companies Act, 2013.

ANNEXURE - IV (Contd.)
B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Sri Surendra Bagri	Sri Ajit Khandelwal	Sri Aniket Agarwal	-	
	Fee for attending board/ committee meetings	22,000.00	28,000.00	8,000.00	-	58,000.00
	Commission	42,857.00	42,857.00	42,857.00	-	128,571.00
	Others, please specify	-	-	-	-	-
	Total (1)	64,857.00	70,857.00	50,857.00	-	186,571.00
2	Other Non-Executive Directors	Sri Arun Kumar Kothari	Smt. Prabhawati Devi Kothari	Sri Anand Vardhan Kothari	Sri Keshari Chand Mohta	
	Fee for attending board/ committee meetings	24,000.00	14,000.00	2,000.00	14,000.00	54,000.00
	Commission	42,857.00	42,857.00	42,857.00	42,857.00	171,428.00
	Others, please specify	-	-	-	-	-
	Total (2)	66,857.00	56,857.00	44,857.00	56,857.00	225,428.00
	Total (B)=(1+2)	131,714.00	127,714.00	95,714.00	56,857.00	411,999.00
	Overall Ceiling as per the Act *					

* The remuneration is well within the limits prescribed under the Companies Act, 2013.

ANNEXURE - IV (Contd.)
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Sri Madan Lal Daga	Chief Financial Officer* Sri Dinesh Kumar Somani	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,202,700.00	235,583.00	1,438,283.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	122,400.00	-	122,400.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	1,325,100.00	235,583.00	1,560,683.00

* Sri Dinesh Kumar Somani was appointed as Chief Financial Officer effective August 12, 2014 and resigned on December, 10 2014. Remuneration includes gratuity and leave encashment paid upon resignation.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

ANNEXURE - V

Form AOC – 1

(Pursuant to first proviso to sub – section (3) of section 129 read with rule 5 of Companies
(Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries / associate
companies / joint ventures**

Part “A” : Subsidiaries

NOT APPLICABLE

(Information in respect of each subsidiary to be presented with amounts in ₹)

1. Sl. No.
2. Name of the Subsidiary
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.
5. Share capital
6. Reserves & Surplus
7. Total assets
8. Total Liabilities
9. Investments
10. Turnover
11. Profit before taxation
12. Provision for taxation
13. Profit after taxation
14. Proposed Dividend
15. % of shareholding

Notes : The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations.
2. Names of subsidiaries which have been liquidated or sold during the year.

ANNEXURE - V (Contd.)
Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	M/s. Gillanders Arbuthnot & Company Limited
1. Latest audited Balance Sheet Date	29th May, 2015.
2. Shares of Associate / Joint Ventures held by the company on the year end	
No.	55,01,078
Amount of Investment in Associates / Joint Venture	₹ 5,17,48,615/-
Extent of Holding %	25.78 %
3. Description of how there is Significant influence	Significant influence arises by adequate voting right.
4. Reason why the associate / joint-venture is not consolidated	Exempted under rule 6 of companies (Accounts) Rules 2014 as there is no subsidiary
5. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 17,896.67 Lacs
6. Profit / Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	Net Loss ₹ 321.10 Lacs

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

On behalf of the Board

Kolkata,
29th May, 2015

M. L. Daga
Secretary

A. K. Kothari
Chairman

A. K. Toshniwal
Mg. Director

ANNEXURE - VI
**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO**

 (Section 134(3) (m) of the Companies Act, 2013, read
with Rule 8 (3) of the Companies (Accounts) Rules, 2014)

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

	<u>2014 – 2015</u>	<u>2013 – 2014</u>
A. POWER & FUEL CONSUMPTION		
1. Electricity :		
a) Purchased :		
Units (Kwh)	768,654	763,812
Total Amount (₹)	7,024,256	6,419,398
Rate / Unit (₹)	9.14	8.40
b) Own Generation :		
Through Diesel Generator		
Units (Kwh)	45,405	83,512
Unit / Ltr of Diesel Oil	0.61	0.86
Cost / Unit (₹)	20.16	20.00
c) Diesel Oil :		
Quantity (Ltrs.)	74,138	97,571
Total Amount (₹)	3,163,117	4,510,643
Average Rate (₹)	42.67	46.23
2. Other / Internal Generation (Firewood, Saw Dust & Paddy Husk) :		
Quantity (Kgs.)	317,550	793,351
Total Cost (₹)	4,040,834	6,539,723
Average Rate (₹)	12.73	8.24

ANNEXURE-VI (Contd.)

	2014 – 2015	2013 – 2014
B. CONSUMPTION PER UNIT OF PRODUCTION		
1 Calcium Sennocide		
Production (Kgs.)	780	2,850
Electricity Unit (including own generation) (units per Kg.)	69.72	19.99
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	3.19	3.99
2 Brucine / Strychnine		
Production (Kgs.)	6,058	3,762
Electricity Unit (including own generation) (units per Kg.)	68.12	56.85
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	13.74	21.08
3 Tolbutamide / Chloropropamide / Metformin HCL		
Production (Kgs.)	15,068	38,111
Electricity Unit (including own generation) (units per Kg.)	6.95	5.87
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per Kg.)	0.84	1.50
4 Formaldehyde		
Production (M/T)	1,289	3,399
Electricity Unit (including own generation) (units per M/T)	57.04	47.43
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	7.11	3.55
5 Hexamine		
Production (M/T)	–	28
Electricity Unit (including own generation) (units per M/T)	–	348.52
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	–	122.65
6 Phenolic Resin		
Production (M/T)	1,157	1,278
Electricity Unit (including own generation) (units per M/T)	145.87	142.24
Others (Firewood, Saw dust, Paddy Husk etc.) (Kgs. Per M/T)	181.50	492.96

ANNEXURE - VI (Contd.)

FORM 'B'

(B) TECHNOLOGY ABSORPTION :

1. *RESEARCH AND DEVELOPMENT :*

a) Specific area in which Research &

Development carried out by the Company :-

i) Phytochemicals Division

: Calcium Sennoside up gradation plant
- SS column has been installed and
commissioned.

: Lab / Pilot plant trials are being
conducted for Calcium Sennoside 60%

: Implemented steps to improve input -
output ratio.

ii) Other Areas

: Continuous efforts are being made to
improve manufacturing facilities and
quality system.

: Installed monitoring system SO₂, NO_x
and SPM in our boiler outlet i.e. Stack
and connect with Wifi System to CARE
AIR CENTRE, Chennai.

iii) Southern Synthetics / Claro India Division

: Continuous efforts are being made to
improve the input-output norms. There
is no new research in these Divisions.

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

Phytochemicals Division

: Benefits will start once we manufacture
Calcium Sennoside 60%

: Customers from Canada, Japan and
Italy have approved our manufacturing
facility of Tolbutamide and
Choloropropamide.

c) Future course of action :-

i) Phytochemicals Division

: Planning to install Zero liquid effluent
discharge (ZLD)

: Commercial production of Calcium
Sennoside 60% will be started

ANNEXURE - VI (Contd.)

ii) Southern Synthetics / Claro India Division : At present no further action is planned.

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 : Commercial production of New Phyto Products will generate more earnings in the coming days.
3. Total Foreign Exchange earned and used :

		2014- 2015	2013 - 2014
		₹	₹
Earnings	:	1695.98 Lacs	1288.29 Lacs
Outgo	:	40.21 Lacs	306.71 Lacs

ANNEXURE - VII
REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Code of Governance

The Company endeavors to make good Corporate Governance so as to reflect transparency, accountability and responsibility in dealing with stakeholders, customers, shareholders and the corporate. It boosts the ethics and moral of the employees to motivate and serve at large to the society.

2. Board of Directors
(a) Composition

The Board of Directors comprises of eight Directors consisting one Non - Executive Chairman, three Non - Executive including one woman, one Executive and three Independent Directors.

The Non Executive Directors are skilled and professional. They have vast experience in finance and administration. Independent Directors are independent of management and take independent judicial decision in the matters.

The particulars of their other Directorship and Chairmanships / Memberships in the Board of other Companies and the Committees thereof as on 31st March, 2015 are as under: -

Name of Director	DIN	No. of other Directorship in Public Limited Companies Incorporated in India	No. of Other Committee # Positions held		No. of Shares held in the Company
			As Chairman	As Member	
Sri A. K. Kothari	00051900	7	-	7	21040
Smt. P. D. Kothari	00051860	6	-	4	4000
Sri A. V. Kothari*	02572346	-	-	-	13300
Sri S. Bagri	00659888	-	-	-	-
Sri A. Khandelwal	00416445	4	2	1	-
Sri A. Agarwal	00054252	1	-	-	-
Sri K. C. Mohta	00051816	2	-	-	100
Sri A. K. Toshniwal**	06872891	-	-	-	-

* Appointed as Additional Director w. e. f. 14th November, 2014.

** Appointed as Managing Director w. e. f. 1st July, 2014.

Committee means Audit Committee, Stakeholders Relationship Committee, Remuneration Committee and Finance Committee in all Public Limited Companies.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
(b) Attendance of Directors at the Board Meetings and last AGM

During the financial year 2014 - 2015, the Board met six times on 27th May, 2014, 30th June, 2014, 12th August, 2014, 14th November, 2014, 13th February, 2015 and 16th March, 2015.

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 12.08.2014
Sri A. K. Kothari	Non - Executive Chairman	6	Yes
Smt. P. D. Kothari	Non - Executive	6	Yes
Sri A. V. Kothari*	Non - Executive	1	-
Sri S. Bagri	Non - Executive, Independent	5	Yes
Sri A. Khandelwal	Non - Executive, Independent	6	Yes
Sri A. Agarwal	Non - Executive, Independent	3	No
Sri K. C. Mohta	Non - Executive	6	Yes
Sri A. K. Toshniwal**	Executive – Managing Director	3	Yes

* Appointed as Additional Director w. e. f. 14th November, 2014.

** Appointed as Managing Director w. e. f. 1st July, 2014.

Code of Conduct for Board Members & Senior Management.

The Board of Directors has laid down the Code of Conduct for all members of the Board and Senior Management of the Company. All the Board members and Senior Management Personnels have complied with Code of Conduct.

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

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

- (1) **Smt. Prabhawati Devi Kothari**, aged about 58 years, is a commerce graduate. She is an industrialist having rich experience in the field of Tea, Salt, Textiles, Pharmaceuticals and Trading Business. She has expertise in business and management. Details of her other Directorships are as follows :-

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

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

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

- (2) **Sri Anand Vardhan Kothari**, aged about 25 years, is a Bachelor of Business Administration (BBA). He is highly energetic, very young, with good business acumen and commercial prudence. Details of his other Directorships are as follows :-

Name of Company	Nature of Office
Premier Suppliers Private Limited	Director

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 27th May, 2014, 12th August, 2014, 14th November, 2014 and 13th February, 2015.

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

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	3
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 177 of the Companies Act, 2013.

(b) Stakeholders Relationship Committee

The Stakeholders Relationship Committee renamed from Shareholders' / Investors' Grievance Committee during the year, comprises of Sri A. Khandelwal, Chairman, Smt. P. D. Kothari and Sri K. C. Mohta, members. The Company Secretary acts as the Compliance Officer. During the year ended 31st March, 2015, the Committee met once on 13th February, 2015.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

The details of attendance of each member at this meeting is as follows :

Name of Member	No. of Meetings Attended
Sri A. Khandelwal, Chairman	1
Smt. P. K. Kothari	1
Sri K. C. Mohta	1

During the year, the Company has received 2 (Two) complaints from the Shareholders regarding non receipt of Share Certificates, which were attended and their grievances were satisfactorily redressed. There was no Investors' complaint pending against the Company as on 31st March, 2015.

No application for share transfer was pending for more than 30 days as on 31st March, 2015.

(c) Nomination and Remuneration Committee

In accordance with the provisions of clause 49 of the Listing Agreement, The Nomination and Remuneration Committee was constituted on 27th May, 2014 during the year, comprises 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 Nomination and Remuneration Committee met two times during year under review, on 30th June, 2014 and 12th August, 2014.

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

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	2
Sri A. K. Kothari	2
Sri A. Khandelwal	2

The role and terms of reference of the Nomination and Remuneration Committee cover all the matters specified for it under clause 49 of the Listing Agreement as well as Section 177 of the Companies Act, 2013.

(d) Risk Management Committee

The Risk Management Committee constituted on 29th May, 2015 consisting three members, with the majority being independent directors having expertise in assessment of the Risk Management. The members of the Committee are Sri. S. Bagri, Chairman, Smt. P. D. Kothari and Sri A. Khandelwal, members. The meeting will be held during the year.

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

Name	Designation	Salary (₹)	Perqui- sites (₹)	Comm- ission** (₹)	Board Fees (₹)	Committee Fees ₹				Total (₹)
						Audit	Nomin- ation and Remun- eration	Stake Holders Relation- ship	Indepe- ndent Dire- ctors	
Sri A. K. Kothari	Non – Executive Chairman	-	-	42,857	12,000	8,000	4,000	-	-	66,857
Smt. P. D. Kothari	Non – Executive	-	-	42,857	12,000	-	-	2,000	-	56,857
Sri A. V. Kothari	Non - Executive	-	-	42,857	2,000	-	-	-	-	44,857
Sri S. Bagri	Non – Executive, Independent	-	-	42,857	10,000	6,000	4,000	-	2,000	64,857
Sri A. Khandelwal	Non – Executive, Independent	-	-	42,857	12,000	8,000	4,000	2,000	2,000	70,857
Sri A. Agarwal	Non – Executive, Independent	-	-	42,857	6,000	-	-	-	2,000	50,857
Sri K. C. Mohta	Non – Executive	-	-	42,857	12,000	-	-	2,000	-	56,857
Sri A. K. Toshniwal	Executive - Managing Director	981,000	435,425	-	-	-	-	-	-	1,416,425*

* Excluding Provision for encashable Leave and Gratuity.

** The commission for the year ended 31st March, 2015 will be paid to the Directors, subject to deduction of tax at source after adoption of accounts by the shareholders at the ensuing Annual General Meeting.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

Disclosure pursuant to Part-II, Section - II, Third Provision, Point No. IV of Schedule - V under Section 196 and 197 of the Companies Act, 2013.

- i) All elements of remuneration package such as salary, benefits, bonuses, pension etc. of all the Directors.

a)	Sri A. K. Toshniwal	Salary & Special Allowance	₹ 1,215,000/-
		House Rent Allowance	₹ 78,480/-
		Provident Fund	₹ 117,720/-
		Medical Allowance	₹ 5,225/-
b)	Other Directors	Fees for attending Board/Committees Meetings and Commission as mentioned above.	

- ii) Service contract, notice period, severance fees of Sri A. K. Toshniwal is as under :

Period of Contract	From 1st July, 2014 to 31st March, 2017
Notice Period	Three months notice
Severance Fees	None

5. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
2013-2014	12.08.2014	Indian Chamber of Commerce 4, India Exchange Place, Kolkata-700 001	11.30 A.M.
2012-2013	12.08.2013	– Do –	3.00 P.M.
2011-2012	17.08.2012	– Do –	3.00 P.M.

- (b) i) One Special Resolution was passed by the Company at the Annual General Meeting held on 12th August, 2014 authorising the Board of Directors for Borrowing etc. in excess of Paid up Share Capital and Free Reserves not exceeding upto a limit of ₹ 100 Crores.
- ii) No Special Resolution was passed by the Company at the Annual General Meeting held on 12th August, 2013.
- iii) One special resolution was passed on 17th August, 2012 for approving the commission payable to Directors for further period of 5 years.
- (c) During the year ended 31st March, 2015, no resolution was passed through postal ballot. The Company does not propose to pass any resolution through Postal Ballot in the ensuing AGM.

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
6. Disclosures

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

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the details of related parties and transactions are disclosed in Note 28.06 to the Notes on Financial Statements for the year ended 31st March, 2015.

- 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 in Bengali.
- Management Discussion and Analysis has been included in the Annual Report.

8. General Shareholders' Information

Date, time & venue of the Annual General Meeting	Friday, 11th September, 2015 at 10.30 A.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001	
Financial Calendar 2015-2016 (tentative and subject to change)	<ul style="list-style-type: none"> Financial Year First Quarter Results Second Quarter & Half Yearly Results Third Quarter Results Audited Annual Results for the year ending 31st March 2016 	April to March Second week of August 2015 Second week of November 2015 Second week of February 2016 Last week of May 2016
Dividend Payment Date	After 11th September, 2015	
Book Closure Period	Thursday 20th August, 2015 to Friday 28th August, 2015 (both days inclusive)	
Stock Code	CSE : Physical – 21160 Demat – 10021160	
NSDL / CDSL – ISIN No.	INE264E01016.	

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

Listing at Stock Exchange	The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata-700 001 Listing Fees for the year 2015-2016 has been paid to the Stock Exchange.
Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	N.A

Distribution of shareholding as on 31st March, 2015

Ordinary Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 – 500	2782	98.86	16181	0.42
501 – 1000	8	0.28	6129	0.16
1001 – 5000	7	0.25	19920	0.51
5001 – 10000	1	0.04	8000	0.21
10001 – 50000	5	0.18	113758	2.93
50001 – 100000	–	–	–	–
Above 100000	11	0.39	3719187	95.77
Total	2814	100	3883175	100

Shareholding pattern as on 31st March, 2015

Category	No. of Shares Held	% of Shares Held
Indian Promoters	2847945	73.34
Nationalised Banks & Mutual Funds	–	–
NRI / OCBs	4084	0.11
Public	1031146	26.55
Total	3883175	100.00

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

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

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE

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 31st March 2015, shares representing total Ordinary Share Capital of the Company were held as under:

	No. of Shares	Percentage of Total Capital
In Dematerialised form	38,15,229	98.25%
In Physical form	67,946	1.75%
	<u>38,83,175</u>	<u>100%</u>

Address for Correspondence : **Sri Madan Lal Daga**
The Company Secretary cum Compliance Officer
 Kothari Phytochemicals & Industries Limited
 C - 4, Gillander House, 8 N.S. Road, Kolkata – 700 001
 Phone No : 91-33-2230-2331 (6 lines)
 Fax : 91-33-2242-7286
 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

ANNEXURE - VII (Contd.)
REPORT ON CORPORATE GOVERNANCE
9. CEO / CFO Certification

I the undersigned, in my capacity as Managing Director & CEO of Kothari Phytochemicals & Industries Limited ('the Company') to the best of my knowledge and belief certify that :

- a) I have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2015 and that to the best of my knowledge and belief, I state that :
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or proposed to take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee :
 - i) Significant changes, if any, in internal control over financial reporting during the year ;
 - ii) Significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Place : Kolkata
 Dated : 29th May, 2015

A. K. Toshniwal
 Managing Director & CEO
 (DIN 06872891)

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, A. K. Kothari, Chairman of Kothari Phytochemicals & Industries Limited ("the company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the company have confirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company for Board Members and Senior Management Personnel.

For and on behalf of the Board

Place : Kolkata
 Dated : 29th May, 2015

A.K. Kothari
 Chairman

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE****To the Members of****Kothari Phytochemicals & Industries Limited**

We have reviewed the compliance of conditions of Corporate Governance by Kothari Phytochemicals & Industries Limited for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the relevant records and documents maintained by the Company furnished to us.

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

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

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

Kolkata, 29th May, 2015

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

FIVE YEAR FINANCIAL HIGHLIGHTS

₹ '000

	2011	2012	2013	2014	2015
SHARE CAPITAL	38,832	38,832	38,832	38,832	38,832
RESERVE & SURPLUS	244,874	261,944	278,904	298,557	333,351
SHAREHOLDERS' FUND (Equity)	283,706	300,776	317,736	337,389	372,183
LOAN FUND (DEBT)	65,209	31,490	37,102	28,518	22,776
DEFERRED TAX LIABILITY/(ASSET)	(18,942)	(7,451)	(7,693)	2,464	2,199
FIXED ASSETS (NET)	94,714	96,273	91,565	88,976	100,309
INVESTMENTS	82,684	91,503	89,292	115,261	115,459
NET CURRENT ASSETS	152,575	137,039	166,288	164,134	181,389
NET ASSETS EMPLOYED	348,915	332,266	354,838	365,907	394,958
SALES	261,395	287,398	281,275	330,747	300,029
PROFIT (LOSS) BEFORE TAX	69,817	38,331	31,579	45,996	57,213
PROFIT (LOSS) AFTER TAX	86,603	23,840	26,046	28,739	46,478
DIVIDEND DISTRIBUTED *	4,513	6,770	9,086	9,086	11,684
RETAINED EARNINGS FOR THE YEAR	495	7,565	4,525	9,177	8,971
EQUITY DIVIDEND %	10	15	20	20	25
EARNINGS PER EQUITY SHARE	22.30	6.14	6.71	7.40	11.97
SHAREHOLDERS' FUND PER EQUITY SHARE	73.06	77.46	81.82	86.88	95.85
DEBT/ EQUITY RATIO	0.23:1	0.10:1	0.12:1	0.08:1	0.06:1

* 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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 sub-section (8) of Section 143 of the Companies Act, 2013 of India (the Act), and have been considered in preparing our report.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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

INDEPENDENT AUDITORS' REPORT– (Contd.)

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- (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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

INDEPENDENT AUDITORS' REPORT– (Contd.)

- c. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and the returns received from the branches not visited by us.
- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Kolkata, 29th May, 2015

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

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, 2015

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.
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 189 of the Act. Accordingly, the clauses (iii) (a) and (iii) (b) of the paragraph 3 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.
5. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Rules framed there under.
6. 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 of sub – section (1) of Section 148 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.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty,

INDEPENDENT AUDITORS' REPORT– (Contd.)

Value Added Tax, Cess and other statutory dues as applicable have been regularly deposited by the Company during the year with the appropriate authorities. There is no arrear statutory dues outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess as at 31st March, 2015, 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

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.
8. The Company has no accumulated losses as at 31st March, 2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 9. 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.
 10. 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.
 11. The company has not obtained any term loans at any time during the year.
 12. 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.

A. K. Basak
 Partner

Membership Number-10240
 For and on behalf of

Dutta, Ghosh & Associates
 Chartered Accountants

Firm Registration No. 309088E

Kolkata, 29th May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015		As at 31st March, 2014	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a) Share Capital	2	38,831,750		38,831,750	
(b) Reserves and Surplus	3	333,350,777		298,556,878	
			372,182,527		337,388,628
(2) Non - Current Liabilities					
(a) Deferred Tax Liabilities (Net)	4	2,198,624		2,463,903	
(b) Long Term Provisions	5	1,880,894		1,595,000	
			4,079,518		4,058,903
(3) Current Liabilities					
(a) Short Term Borrowings	6	22,776,081		28,517,739	
(b) Trade Payables	7	11,302,908		36,518,133	
(c) Other Current Liabilities	8	5,023,728		5,627,319	
(d) Short Term Provisions	9	11,684,246		9,086,241	
			50,786,963		79,749,432
TOTAL			427,049,008		421,196,963
II. ASSETS					
(1) Non - Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		67,559,688		83,787,497	
(ii) Capital Work-in-progress		32,749,434		5,188,298	
(b) Non - Current Investments	11	115,458,765		115,260,916	
(c) Long Term Loans and Advances	12	11,649,055		12,541,607	
			227,416,942		216,778,318
(2) Current Assets					
(a) Inventories	13	63,190,496		89,273,031	
(b) Trade Receivables	14	12,668,891		33,945,165	
(c) Cash and Cash Equivalents	15	107,423,903		58,194,318	
(d) Short Term Loans and Advances	16	13,833,107		21,067,591	
(e) Other Current Assets	17	2,515,669		1,938,540	
			199,632,066		204,418,645
TOTAL			427,049,008		421,196,963
Significant Accounting Policies	1				

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

The Notes referred to above form an integral part of the Financial Statements.

 A.K.Basak
 Partner

On behalf of the Board

 Membership Number-10240
 For and on behalf of
 Dutta, Ghosh & Associates

 Kolkata,
 29th May, 2015

 Chartered Accountants
 Firm Registration No. 309088E

 M. L. Daga
 Secretary

 A. K. Kothari
 Chairman
 A. K. Toshniwal
 Mg. Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2015

INCOME :	Note	2014-2015	2013 – 2014
		₹	₹
Revenue from Operations	18	290,198,714	315,067,668
Other Income	19	14,694,110	18,260,421
Total Revenue		<u>304,892,824</u>	<u>333,328,089</u>
EXPENDITURE :			
Cost of Materials Consumed	20	148,371,208	170,685,529
Purchases of Stock - in - Trade	21	–	38,224,525
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	4,986,371	(10,105,465)
Employee Benefits Expense	23	26,105,889	24,953,696
Finance Costs	24	1,027,187	2,594,756
Depreciation and Amortisation Expense	25	16,755,562	10,863,184
Other Expenses	26	50,433,741	50,116,196
Total Expenses		<u>247,679,958</u>	<u>287,332,421</u>
PROFIT BEFORE TAXATION		57,212,866	45,995,668
Provision For Tax :			
Current Tax		(11,000,000)	(7,100,000)
Deferred Tax		265,279	(10,156,697)
PROFIT FOR THE YEAR		<u>46,478,145</u>	<u>28,738,971</u>
Earning per Ordinary Share of Rs. 10/- each			
Basic and Diluted	27	11.97	7.40
Significant Accounting Policies	1		

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 Financial Statements.

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

Kolkata,
29th May, 2015

On behalf of the Board

 M. L. Daga
Secretary

 A. K. Kothari
Chairman

 A. K. Toshniwal
Mg. Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	2014 – 2015		2013 – 2014	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit before Tax and Extraordinary/ Non-recurring items		57,212,866		45,995,668
Adjustments for :				
Depreciation and Amortisation	16,755,562		10,863,184	
Loss on Sale/Discard of Fixed Assets (Net)	2,513,066		3,864,931	
Income from Investments (Dividend)	(4,750,096)		(11,506,089)	
Profit on Sale of Investments	(2,618,683)		(1,321,401)	
IrrecoverableBad & Sundry Receivables written off	1,976,848		2,070,145	
Provision for Doubtful Receivables	687,625		—	
Interest (Net)	(4,110,305)		(2,665,194)	
Liability no longer required written back	(410,112)	10,043,905	(112,933)	1,192,643
Operating Profit before Working Capital Changes		67,256,771		47,188,311
Adjustments for :				
Trade and Other Receivables	29,592,605		(13,267,909)	
Inventories	26,082,535		(27,340,096)	
Trade Payables	(25,135,320)	30,539,820	10,165,042	(30,442,963)
Cash Generated from Operations		97,796,591		16,745,348
Direct Taxes - (Payments)/Refunds	(14,812,452)	(14,812,452)	(4,551,324)	(4,551,324)
Net Cash From Operating Activities		82,984,139		12,194,024
B. Cash Flow From Investing Activities :				
Purchase of Fixed Assets	(30,627,907)		(12,200,750)	
Proceeds from Sale of Fixed Assets	25,952		61,905	
Dividend Received	4,750,096		11,506,089	
Purchase of Investments	(19,551,756)		(39,404,637)	
Proceeds from Sale of Investments	21,971,666		14,757,004	
Interest Received	5,519,971		5,362,970	
Net Cash (Unused in) / From Investing Activities		(17,911,978)		(19,917,419)

CASH FLOW STATEMENT (Contd.)

	2014 – 2015		2013 – 2014	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Net Increase/(Decrease) in Short Term Borrowings from Banks	(5,741,658)		10,190,741	
Net Increase/(Decrease) in Short Term Borrowings from Others	–		(18,775,000)	
Interest Paid	(1,027,187)		(4,015,794)	
Dividends Paid	(7,753,840)		(7,744,328)	
Dividend Tax Paid	(1,319,891)		(1,319,891)	
Net Cash (Used in) / From Financing Activities	(15,842,576)		(21,664,272)	
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		49,229,585		(29,387,667)
Opening Cash and Cash Equivalents	58,194,318		87,581,985	
Closing Cash and Cash Equivalents	107,423,903	49,229,585	58,194,318	(29,387,667)
Cash and Cash Equivalents Comprise :				
Cash in Hand and Balances with Banks		107,423,903		58,194,318
(As per Note - 15)				

NOTES :

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

Kolkata, 29th May, 2015	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	M. L. Daga Secretary	A. K. Kothari Chairman	On behalf of the Board A. K. Toshniwal Mg. Director
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1. SIGNIFICANT ACCOUNTING POLICIES:
1.1 Basis of accounting:

These financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India (Indian GAAP), the applicable accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis.

1.2 Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation and cumulative impairment losses, if any. 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. The cost of extension planting on cultivable land including cost of development is capitalized.

1.3 Depreciation & Amortization:

- (1) Depreciation is provided on the 'Written Down Value Method' at rates determined based on useful lives of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or re assessed by the Company based on technical evaluation except in case of Phytochemicals Division and Hexamine plant of Southern Synthetics Division and Claro India Division where Straight Line Method is followed determined based on useful lives of the respective assets.
- (2) Leasehold land is being amortised over the period of lease.

1.4 Impairment of Assets

The carrying amounts of Fixed Assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

1.5 Investments:

Long term investments are stated at cost with an appropriate provision for diminution in value, other than temporary in nature, in the valuation of long term investments. Current Investments are stated at lower of cost and fair value. Gains/losses on disposal of investments are recognised as income /expenditure.

1.6 Foreign Currency Transactions:

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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 Segment reporting
Identification of segments

The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

1.13 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.14 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.

1.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

1.16 Recognition of Income and Expenditure:

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

1.17 Leases:

For assets acquired under Operating Lease, rentals payable are charged to Statement of Profit and Loss. Assets acquired under Finance Lease are capitalized at lower of the Fair Value and Present Value of Minimum Lease Payments. Lease income from operating leases is recognised in the Statement of Profit and Loss over the period of Lease.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 2	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
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 (2014 - 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 2015, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 2.50 (2014 ₹ 2/-).

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 2015		As at 31st March 2014	
	% held	No. of Shares	% held	No. of Shares
Commercial House Private Limited	19.45%	755,414	20.48%	795,414
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	14.18%	550,720	13.15%	510,720
Vishnuhari Investments & Properties Limited	6.22%	241,568	6.22%	241,568

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

	As at 31st March, 2015	As at 31st March, 2014
Ordinary Shares at the beginning of the year	3,883,175	3,883,175
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, 2015

NOTE - 3	As at 31st March, 2015		As at 31st March, 2014	
	₹	₹	₹	₹
RESERVES AND SURPLUS				
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	278,735,809		263,735,809	
Add : Transferred from statement of Profit and Loss	35,000,000		15,000,000	
		313,735,809		278,735,809
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	9,177,372		4,524,642	
Add : Profit for the year	46,478,145		28,738,971	
	55,655,517		33,263,613	
Less : Appropriations :				
Transferred to General Reserve	35,000,000		15,000,000	
Proposed Dividend on Equity Shares	9,707,938		7,766,350	
[Dividend per Share ₹ 2.50 (2014 ₹2/-)]				
Tax on Proposed Dividend	1,976,308		1,319,891	
		8,971,271		9,177,372
		333,350,777		298,556,878

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

		As at 31st March, 2015		As at 31st March, 2014
NOTE - 4	₹	₹	₹	₹
DEFERRED TAX LIABILITIES (NET)				
Liabilities				
– Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act.		4,729,702		8,139,254
Less : Assets				
– Accrued expenses deductible on payment basis / Employee Benefits	815,894		668,734	
– Provision for Diminution in the Value of Investments	1,487,835		1,460,025	
– Provision for Doubtful Receivables	227,349		–	
– Carry over Unabsorbed Losses	–		3,546,592	
		<u>2,531,078</u>		<u>5,675,351</u>
		<u>2,198,624</u>		<u>2,463,903</u>

NOTE - 5
LONG TERM PROVISIONS

Provision for Employee Benefits

– Gratuity	114,671	45,547
– Leave Encashment Benefit	1,766,223	1,549,453
	<u>1,880,894</u>	<u>1,595,000</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	As at 31st March, 2015	As at 31st March, 2014
NOTE - 6	₹	₹
SHORT TERM BORROWINGS		
Secured		
PHYTOCHEMICALS DIVISION		
Working Capital Loans		
– From Vijaya Bank		
i) Cash Credit		
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods, Receivables and entire Fixed Assets of the Division and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari.	2,150,221	–
ii) Packing Credit		
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari and the entire Fixed Assets of the Division. Stock against Packing Credit Limit facility shall be backed by firm Export Orders.	20,605,383	23,997,262
iii) Loan against security of Fixed Deposit	–	4,500,000
Unsecured		
State Government of Tamil Nadu -		
Sales Tax Deferral Scheme	20,477	20,477
	<u>22,776,081</u>	<u>28,517,739</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 7	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
TRADE PAYABLES		
For Goods	11,302,908	36,518,133
	11,302,908	36,518,133

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

NOTE - 8
OTHER CURRENT LIABILITIES

Advances from Customers	—	3,733
Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due)	141,811	129,215
Unpaid Fractional amount of shares	234,828	234,914
Other Payables*	4,647,089	5,259,457
	5,023,728	5,627,319

*Includes Statutory Liabilities ₹ 702,122/- (2014 ₹ 1,139,241/-), Salary, Wages and Bonus ₹ 976,909/- (2014 ₹ 781,499/-) and Commission Payable ₹ 201,438/- (2014 ₹ 2,02,893/-)

NOTE - 9
SHORT TERM PROVISIONS

Proposed Dividend	9,707,938	7,766,350
Tax on Proposed Dividend	1,976,308	1,319,891
	11,684,246	9,086,241

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE - 10
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION					NET BLOCK	
	Balance as at 31st March, 2014	Additions	Deduction/ Adjustment	Balance as at 31st March, 2015	Balance as at 31st March, 2014	Depreciation/ Amortisation for the year (refer Note below)	Deduction/ Adjustment	Balance as at 31st March, 2015	Balance as at 31st March, 2015	Balance as at 31st March, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Leasehold Land	1,262,400	-	-	1,262,400	280,546	12,752	-	293,298	969,102	981,854
Freehold Land	2,074,532	-	-	2,074,532	-	-	-	-	2,074,532	2,074,532
Buildings	43,492,839	-	5,577,122	37,915,717	19,323,456	1,675,564	3,371,258	17,627,762	20,287,955	24,169,383
Plant and Equipment	140,043,146	2,584,048	1,507,016	141,120,178	87,123,054	12,935,420	1,279,226	98,779,248	42,340,930	52,920,092
Electric Installation	6,615,441	52,000	248,179	6,419,262	4,994,687	1,032,160	209,443	5,817,404	601,858	1,620,754
Computers	3,097,047	116,840	2,042,190	1,171,697	2,869,441	215,982	2,039,448	1,045,975	125,722	227,606
Office Equipment	1,883,008	121,065	358,779	1,645,294	907,118	633,984	330,439	1,210,663	434,631	975,890
Furniture and Fixtures	956,626	73,839	442,459	588,006	803,758	101,187	439,440	465,505	122,501	152,868
Motor Vehicles	1,502,450	118,979	84,881	1,536,548	879,977	108,986	54,872	934,091	602,457	622,473
Tubewell and Water Works	50,356	-	50,356	-	8,311	39,527	47,838	-	-	42,045
Total :	200,977,845	3,066,771	10,310,982	193,733,634	117,190,348	16,755,562	7,771,964	126,173,946	67,559,688	83,787,497
Capital Work in Progress	5,188,298	27,561,136	-	32,749,434	-	-	-	-	32,749,434	5,188,298
2014	203,384,335	8,541,720	10,948,210	200,977,845	113,348,538	10,863,184	7,021,374	117,190,348	83,787,497	

Note : Includes ₹ 6,457,682/- (2014 ₹Nil) on account of adjustment due to transitional provision of schedule II of the Companies Act 2013 as on 01-04-2014

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 11	Face Value	As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹
NON - CURRENT INVESTMENTS			
<i>(Long Term Investments)</i>			
Other than Trade - At or under cost			
A. INVESTMENT IN ASSOCIATES:			
In Equity Shares - Quoted, fully paid up			
5,501,078 Gillanders Arbuthnot & Company Limited	10	51,748,615	51,748,615
(2014 - 5,501,078)			
TOTAL A		51,748,615	51,748,615
B. INVESTMENT IN OTHERS:			
(i) In Equity Shares - Quoted, fully paid up			
6,000 Welspun Corporation Limited	5	1,362,315	1,362,315
(2014 - 6,000)			
104 Kesoram Textile Mills Limited	2	—	—
(2014 - 104)			
500 Vijaya Bank Limited	10	12,000	12,000
(2014 - 500)			
195 Xpro India Limited	10	—	—
(2014 - 195)			
70,335 Albert David Limited	10	6,731,077	6,731,077
(2014 - 70,335)			
4,400 Century Textile & Industries Limited	10	1,936,827	1,936,827
(2014 - 4,400)			
— Alstom T & D India Limited	2	—	441,912
(2014 - 1,500) (Sold during the year)			
15,000 Assam Company India Limited	1	316,081	316,081
(2014 - 15,000)			
175 Balmer Lawrie & Company Limited	10	59,005	59,005
(2014 - 175)			
6,000 Crains Software International Limited	2	222,976	222,976
(2014 - 6,000)			
8,500 The Dhampur Sugar Mills Limited	10	959,707	959,707
(2014 - 8,500)			
13,000 Electrosteel Castings Limited	1	538,633	538,633
(2014 - 13,000)			
— First Source Solutions Limited	10	—	172,273
(2014 - 5,000) (Sold during the year)			
6,000 GMR Infrastructure Limited	1	351,659	351,659
(2014 - 6,000)			
Carried Forward		12,490,280	13,104,465

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -11 (Contd.)

	Face Value ₹	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Brought Forward		12,490,280	13,104,465
– India Cements Limited (2014 - 8,000) (Sold during the year)	10	–	884,392
– NCL Industries Limited (2014 - 3,000) (Sold during the year)	10	–	127,601
– Prism Cement Limited (2014 - 4,298) (Sold during the year)	10	–	223,254
1,000 Rico Auto Industries Limited (2014 - 2,000) (Sold 1000 shares during the year)	1	29,128	58,255
– Shanthi Gears Limited (2014 - 450) (Sold during the year)	1	–	18,183
1,000 Deccan Cements Limited (2014 - 5,000) (Sold 4000 shares during the year)	10	198,606	993,031
9,500 IOL Chemicals and Pharmaceuticals Limited (2014 - 10,000) (Sold 500 shares during the year)	10	600,735	632,380
– Reliance Industries Limited (2014 - 1,200) (Sold during the year)	10	–	1,092,261
– Schneider Electric Infrastructure Limited (2014 - 1,500) (Sold during the year)	2	–	–
3,800 Jai Prakash Associates Limited (2014 - 2,800) (Purchased 1000 shares during the year)	2	250,973	208,009
500 Titan Company Limited (2014 - 3,000) (Sold 2,500 shares during the year)	1	102,200	613,197
1,500 Graphite India Limited (2014 – Nil) (Purchased during the year)	2	146,664	–
8,000 HBL Power Systems Limited (2014 - Nil) (Purchased 20000 and sold 12000 shares during the year)	1	168,348	–
5,000 Inox Leisure Limited (2014 - Nil) (Purchased 6000 and sold 1000 shares during the year)	10	815,266	–
1,200 Larsen and Toubro Limited (2014 - Nil) (Purchased during the year)	2	1,875,700	–
10,000 Opto Circuits (India) Limited (2014 – Nil) (Purchased during the year)	10	406,384	–
2,700 Tata Steel Limited (2014 - Nil) (Purchased during the year)	10	1,379,484	–
TOTAL B (i)		18,463,768	17,955,028

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE -11 (Contd.)		Face Value	As at 31st March, 2015	As at 31st March, 2014
		₹	₹	₹
(ii) In Equity Shares - Unquoted, fully paid up				
1,160	Tulip Tea Company Limited	25	9,110	9,110
(2014 - 1,160)				
15	Aaham Printers Private Limited (in Liquidation)	100	1	1
(2014 - 15)				
50,000	Satyam Financial Services Limited	10	501,250	501,250
(2014 - 50,000)				
60	Cimmco Limited	10	10,800	10,800
(2014 - 60)				
2,929	Pilani Investment & Industries Corporation Limited	10	8,338	8,338
(2014 - 2,929)				
350	Vardhaman Special Steels Limited	10	—	—
(2014 - 350)				
450,000	Vidyasagar Industries Private Limited	10	4,500,000	4,500,000
(2014 - 450,000)				
296,504	Bharat Fritz Werner Limited	2	29,789,757	29,789,757
(2014 - 296,504)				
2,000	Bharat Fritz Werner Limited DVR	2	210,180	210,180
(2014 - 2,000)				
—	Welspun Enterprises Limited	5	—	—
(2014 - 300)	(Sold during the year)			
	Less: Provision for Diminution in carrying amount of Investments		(4,500,000)	(4,500,000)
	TOTAL B (ii)		30,529,436	30,529,436
(iii) In Non Convertible Debentures - Unquoted, fully paid up				
—	Cimmco Limited	66	—	924
(2014 - 14)	(Written off during the year)			
	TOTAL B (iii)		—	924
(iv) In Mutual Fund - Quoted, fully paid up				
—	Reliance Dynamic Bond Fund - Growth Plan	10	—	5,622,213
(2014 - 360,229.6690)	(Redeemed during the year)			
—	DSP Black Rock Bond Fund - Regular Plan - Growth	10	—	2,162,596
(2014 - 55,645.094)	(Redeemed during the year)			
—	DSP Black Rock Strategic Bond Fund - Institutional Plan - Growth	10	—	2,743,325
(2014 - 1,934.840)	(Redeemed during the year)			
	Carried Forward		—	10,528,134

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE -11 (Contd.)		Face Value	As at 31st March, 2015	As at 31st March, 2014
		₹	₹	₹
	Brought Forward		—	10,528,134
—	ICICI Prudential Income - Regular Plan - Growth	10	—	2,281,405
(2014-57,930.871)	(Redeemed during the year)			
—	IDFC Super Saver Income Fund –			
	Medium Term Plan - Growth - (Regular Plan)	10	—	2,217,374
(2014-107,705.371)	(Redeemed during the year)			
47,112.5210	DSP Black Rock India T.I.G.E.R Fund –			
	Regular Plan - Growth	10	2,912,119	—
(2014 - Nil)	(Purchased during the year)			
75,564.9650	DSP Black Rock Small and Mid Cap Fund–			
	Regular Plan - Growth	10	2,219,872	—
(2014 - Nil)	(Purchased during the year)			
11,959.6190	ICICI Prudential Value Discovery Fund –			
	Regular Plan - Growth	10	1,095,979	—
(2014 - Nil)	(Purchased during the year)			
40,811.8580	IDFC Premier Equity Fund –			
	Growth - (Regular Plan)	10	2,348,645	—
(2014 - Nil)	(Purchased during the year)			
44,114.4630	Reliance Equity Opportunities Fund -			
	Growth Plan Growth Option	10	2,749,853	—
(2014 - Nil)	(Purchased during the year)			
127,361.5050	Reliance Mid & Small Cap Fund –			
	Growth Plan Growth Option	10	3,390,478	—
(2014 - Nil)	(Purchased during the year)			
	TOTAL B (iv)		14,716,946	15,026,913
	TOTAL B (i to iv)		63,710,150	63,512,301
	TOTAL (A + B)		115,458,765	115,260,916
Aggregate amount of quoted investments			84,929,329	84,730,556
(including investments in Mutual Fund)				
Aggregate amount of unquoted investments			35,029,436	35,030,360
			119,958,765	119,760,916
Less : Provision for diminution in carrying amount of investments			4,500,000	4,500,000
			115,458,765	115,260,916
Aggregate Market Value of quoted investments			318,912,479	338,485,309
Aggregate NAV of units in Mutual Fund			18,022,684	15,330,396
			336,935,163	353,815,705

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	As at 31st March, 2015	As at 31st March, 2014
NOTE -12		
LONGTERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Security Deposits		
– To Related Party	–	–
– To Others	<u>2,599,304</u>	<u>2,708,372</u>
	2,599,304	2,708,372
Advance payment of Tax (Net of Provision)		
(Inclusive of Tax Deducted at Source)	7,058,124	3,245,672
Advance for Building	–	1,102,170
Capital Advances	1,976,627	5,470,449
Other Loans and Advances	<u>67,521</u>	<u>67,465</u>
	11,701,576	12,594,128
Less: Provision for Doubtful Advances	<u>52,521</u>	<u>52,521</u>
	11,649,055	12,541,607
NOTE -13		
INVENTORIES		
Raw Materials	25,342,162	40,627,234
Materials - in - Process	31,259,255	28,859,539
Finished Goods	1,133,826	8,519,913
Stores and Spare Parts	<u>5,455,253</u>	<u>11,266,345</u>
	63,190,496	89,273,031
NOTE -14		
TRADE RECEIVABLES		
(Unsecured, Considered good unless stated otherwise)		
Debts over six months		
Considered Good	688,812	1,604,691
Considered Doubtful	<u>687,625</u>	<u>–</u>
	1,376,437	1,604,691
Less : Provision for Doubtful Trade Receivable	<u>687,625</u>	<u>–</u>
	688,812	1,604,691
Other Debts	<u>11,980,079</u>	<u>32,340,474</u>
	12,668,891	33,945,165

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
NOTE -15		
CASH AND CASH EQUIVALENTS		
Balances with Banks #	7,023,955	12,947,981
Cash in Hand	132,198	38,837
Fixed deposits with banks	<u>100,267,750</u>	<u>45,207,500</u>
	<u>107,423,903</u>	<u>58,194,318</u>

Balance with Banks includes Unpaid Dividend of ₹ 141,810/- (2014 ₹ 129,215/-) and Unpaid Fractional amount of shares ₹ 234,828/- (2014 ₹ 234,914/-)

NOTE -16
SHORT TERM LOANS AND ADVANCES

Advances to Suppliers	3,146,120	8,112,505
Balance with Customs, Central Excise Authorities	8,380,399	10,468,827
Other Loans and Advances	<u>2,306,588</u>	<u>2,486,259</u>
	<u>13,833,107</u>	<u>21,067,591</u>

NOTE -17
OTHER CURRENT ASSETS

Interest accrued on Loans and Deposits	465,332	847,811
Export Incentive Receivable	<u>2,050,337</u>	<u>1,090,729</u>
	<u>2,515,669</u>	<u>1,938,540</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 18	2014 - 2015		2013 - 2014	
	₹	₹	₹	₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	4,043,814		3,601,553	
Brucine Sulphate	201,206		7,276,857	
Strychnine Sulphate	146,150,347		101,048,054	
Tolbutamide	10,637,212		11,111,876	
Chlorpropamide	2,731,452		5,514,585	
Metformin HCL	330,243		—	
Formaldehyde	30,424,890		55,185,009	
Hexamine	657,344		2,484,618	
Ammonia	420,023		—	
Paraformaldehyde	11,210,719		5,890,287	
Phenolic Resin	93,221,261		100,090,640	
Polyester & Staple Yarn	—		14,654,929	
Viscose Staple Fibre	—		23,888,668	
	300,028,511		330,747,076	
OTHER OPERATING REVENUE				
Export Incentives	3,115,198		1,635,217	
Claims	136,179		108,493	
Sale of Scrap	444,288		188,279	
	3,695,665		1,931,989	
	303,724,176		332,679,065	
LESS : EXCISE DUTY				
	13,525,462		17,611,397	
	290,198,714		315,067,668	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 19	2014 - 2015		2013 - 2014	
	₹	₹	₹	₹
OTHER INCOME				
Interest				
Interest on Advances, Deposits and Others - Gross		5,137,492		5,259,950
Dividend				
From Long Term Investments - Other than Trade		4,750,096		11,506,089
Net gain on Sale of Investments				
Profit on Sale of Investments - Other than Trade		2,618,683		1,321,401
Other Non - Operating Income				
Exchange Rate Fluctuation (Net)	23,176		18,944	
Liabilities / Provision no longer required, written back	410,112		112,933	
Profit on Sales of Fixed Assets	—		14,904	
Recovery of Bad Receivables Written off in earlier years	1,750,000		—	
Miscellaneous Income	4,551		26,200	
		2,187,839		172,981
		14,694,110		18,260,421

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE -20	2014 – 2015	2013 – 2014
	₹	₹
COST OF MATERIALS CONSUMED		
Senna Leaves and Pods	359,551	1,255,450
Methanol and Spirit	19,672,657	56,335,897
Nuxvomica Bark and Seeds	50,764,964	28,139,850
N. Propyl Amine	–	233,039
Remax	3,888,927	5,029,679
PTS Amide	–	2,769,458
Ammonia	515,937	808,841
ISO Propanol	–	278,741
N. Butylamine	743,864	318,441
P. C. B. S. Amide	–	963,305
Dicynodiamide	–	884,466
Dimethylamine	–	1,052,891
Phenol	48,155,444	54,940,278
DEG	1,665,731	2,066,440
Others	22,604,133	15,608,753
	<u>148,371,208</u>	<u>170,685,529</u>

NOTE -21
PURCHASES OF STOCK - IN - TRADE

Polyester & Staple Yarn	–	10,933,676
Viscose Staple Fibre	–	27,290,849
	<u>–</u>	<u>38,224,525</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE - 22	₹	2014 - 2015 ₹	₹	2013 - 2014 ₹
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE				
Finished Goods				
Opening Inventories	8,519,913		3,650,996	
Closing Inventories	<u>1,133,826</u>		<u>8,519,913</u>	
Net (Increase) / Decrease		7,386,087		(4,868,917)
Materials - in - Process				
Opening Inventories	28,859,539		23,622,991	
Closing Inventories	<u>31,259,255</u>		<u>28,859,539</u>	
Net (Increase) / Decrease		(2,399,716)		(5,236,548)
		<u>4,986,371</u>		<u>(10,105,465)</u>
NOTE -23				
EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus		23,202,354		22,321,955
Contribution to Provident and Other Funds		1,548,405		1,416,362
Workmen and Staff Welfare Expenses		<u>1,355,130</u>		<u>1,215,379</u>
		<u>26,105,889</u>		<u>24,953,696</u>
NOTE -24				
FINANCE COSTS				
Interest Expenses		1,027,187		2,594,756
		<u>1,027,187</u>		<u>2,594,756</u>
NOTE -25				
DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation (Refer Note 10)		16,742,810		10,850,432
Amortisation		<u>12,752</u>		<u>12,752</u>
		<u>16,755,562</u>		<u>10,863,184</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE -26	₹	2014 – 2015 ₹	₹	2013 – 2014 ₹
OTHER EXPENSES				
Manufacturing Expenses				
Consumption of stores and spare parts	2,139,905		2,860,083	
Power and Fuel	14,357,361		17,677,753	
Repairs to Buildings	359,419		2,600,847	
Repairs to Machinery	3,342,815		3,051,108	
Repairs to Other Assets	883,795		378,046	
		21,083,295		26,567,837
Selling and Distribution Expenses				
Freight, Shipping, Delivering and Selling Expenses	6,581,751		5,672,745	
Selling Agents' Commission (Other than Sole Selling Agents)	-		5,000	
Sales Promotion Expenses	85,609		58,915	
		6,667,360		5,736,660
Establishment Expenses				
Rent	617,749		537,930	
Rates and Taxes	938,777		852,525	
Bank Charges	190,422		224,330	
Travelling and Conveyance Expenses	4,447,912		1,824,559	
Postage and Telephone	727,337		543,539	
Printing and Stationery	370,277		314,185	
Subscription	137,344		114,673	
Insurance	1,055,788		1,109,923	
Motor Vehicle Expense	368,003		531,490	
Directors' Sitting Fees	112,000		50,000	
Directors' Commission	300,000		300,000	
Managing Directors Remuneration	1,416,425		-	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE -26 (Contd.)	2014 – 2015		2013 – 2014	
	₹	₹	₹	₹
Research and Development Expenses	1,701,497		1,363,836	
Legal and Professional Fee	1,412,985		1,550,318	
Internal Audit Fees	67,416		67,416	
Cost Audit Fees	40,000		20,000	
Loss on Sale of Fixed Assets	7,519		–	
Obsolete and Discarded Assets Written Off	2,505,547		3,879,835	
Bad and Sundry Receivables Written off	1,976,848		2,070,145	
Provision for Bad and Doubtful Receivables	687,625		–	
Donation	700,000		–	
Miscellaneous Expenses	2,461,862		2,007,217	
		22,243,333		17,361,921
Payment to Auditors				
Auditor	210,000		210,000	
For Other Services	128,190		121,750	
For Reimbursement of Expenses	58,428		77,987	
For Service Tax	43,135		40,041	
		439,753		449,778
		50,433,741		50,116,196

NOTE -27
EARNING PER ORDINARY SHARE
BASIC AND DILUTED

Number of Ordinary Shares at the beginning of the year		3,883,175	3,883,175
Number of Ordinary Shares at the end of the year		3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	A	3,883,175	3,883,175
Nominal value of each Ordinary Share (₹)		10	10
Profit after Tax (₹)	B	46,478,145	28,738,971
Earning Per Share (Basic and Diluted) (₹)	(B / A)	11.97	7.40

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28

	2014 – 2015	2013 – 2014
	₹	₹
28.01 Contingent Liabilities / Disputed Liabilities :		
(To the extent not provided for)		
i) Sales Tax under dispute	322,570	322,570
ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317
iii) Outstanding Bank Guarantees & Letter of credit	3,402,000	—

28.02 Commitments :		
Estimated amount of Contracts to be executed on Capital Account and not provided for:-		
[Net of advance ₹ 1,075,000/- (2014 ₹ 4,862,949/-)]	3,556,655	19,515,639

28.03 Total Salaries, Wages and Bonus for the year.	24,247,135	23,215,986
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28.04 In view of the requirements of Schedule II of the Companies Act 2013 ("Act"), depreciation for the year has been provided, based on the lives prescribed under the schedule II. Further in view of transitional provision of the Schedule II, a sum of ₹ 6,457,682/- has been recognized in the Statement of Profit & Loss on account of those assets whose useful life was nil as on 31st March 2014 as per the provision of Schedule II.

28.05 Employee Benefits
Defined Benefits Plans

The following table sets forth the particulars in respect of the Defined Benefit Plans of the Company for the year ended 31st March, 2015.

Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015	2014	2015	2014
	₹	₹	₹	₹
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	4,078,534	3,718,371	1,549,453	1,399,361
Current Service Cost	223,787	210,977	175,781	144,484
Interest Cost	326,283	297,470	113,665	95,992
Actuarial (Gain) / Losses	(121,833)	(136,746)	184,608	449,714
Benefits Paid	(95,423)	(11,538)	(257,284)	(540,098)
Present value of Obligation at the end of the year	4,411,348	4,078,534	1,766,223	1,549,453

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)
Description
**Gratuity
(Funded)**
**Leave Encashment
(Unfunded)**
2015
2014
2015
2014

₹

₹

₹

₹

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

4,032,987

3,719,452

—

—

Expected Return on Plan Assets

359,112

325,073

—

—

Contributions

1

—

—

—

Actuarial (Gain) / Losses

—

—

—

—

Benefits Paid

(95,423)

(11,538)

—

—

Fair Value of Plan Assets at the
end of the year

4,296,677

4,032,987

—

—

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

4,411,348

4,078,534

1,766,223

1,549,453

Fair Value of Plan Assets at the
end of the year

4,296,677

4,032,987

—

—

Assets / (Liabilities) recognized
in the Balance Sheet

(114,671)

(45,547)

(1,766,223)

(1,549,453)

Expenses recognized in the Statement
of Profit and Loss

Current Service Cost

223,787

210,977

175,781

144,484

Interest Cost

326,283

297,470

113,665

95,992

Expected return on Plan Assets

(359,112)

(325,073)

—

—

Actuarial (Gain) / Losses

(121,833)

(136,746)

184,608

449,714

Total Expense recognized

69,125

46,628

474,054

690,190

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)
Description
**Gratuity
(Funded)**
**Leave Encashment
(Unfunded)**
2015
2014
2015
2014
₹
₹
₹
₹
Category of Plan Assets

Fund with LIC	4,296,677	4,032,987	—	—
Actual return on Plan Assets	359,112	325,073	—	—
Principal Actuarial Assumptions				
Discount Rate	8.00 %	8.00 %	8.00 %	8.50 %
Salary Escalation	5.25 %	6.00 %	6.00 %	6.00 %
Inflation Rate	—	—	6.00 %	6.00 %
Expected return on Assets	8.90%	8.75%	—	—

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

A) List of Related Parties
Enterprises in which the Company is having substantial interest – Associate :-

Gillanders Arbuthnot & Company Limited

Enterprises over which Directors, Key Management Personnel and their relatives are able to exercise significant influence :-

Albert David Limited

Vishnuhari Investments & Properties Limited

Bharat Fritz Werner Limited

Names of the Key Management Personnel of the Company :-

Mr. A. K. Toshniwal - Managing Director (w.e.f.01/07/2014)

Mr. M. L. Daga - Company Secretary

Mr. Dinesh Kumar Somani - Chief Financial Officer (From 12/08/2014 to 10/12/2014)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)
B. TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR :-

Nature of Transactions	Enterprises in which the Company is having substantial interest - Associate		Enterprises over which directors, key management personnel and their relatives are able to exercise significant influence		Key Management Personnel of the Company	
	2014 – 2015 ₹	2013 – 2014 ₹	2014 – 2015 ₹	2013 – 2014 ₹	2014 – 2015 ₹	2013 – 2014 ₹
Rent & Electricity Paid	102,148	83,907	-	-	-	-
Loans Given (Unsecured)	-	30,000,000	-	-	-	-
Loans Recovered	-	30,000,000	-	-	-	-
Interest on Loans Given	-	271,233	-	-	-	-
Repayment of loans (Unsecured)	-	-	-	11,775,000	-	-
Interest on Loans Taken	-	-	-	270,986	-	-
Dividend Received	4,125,809	11,012,156	471,077	316,508	-	-
Sale of Investments	-	276,228	-	-	-	-
Acquisition of Investment - In Equity Shares	-	-	-	29,789,757	-	-
In Equity Shares DVR	-	-	-	210,180	-	-
Remuneration Paid :						
Mr. A. K. Toshniwal - Managing Director (w.e.f.01/07/2014)	-	-	-	-	1,416,425	-
Mr. M. L. Daga - Company Secretary	-	-	-	-	1,325,100	-
Mr. Dinesh Kumar Somani - Chief Financial Officer (From 12/08/2014 to 10/12/2014)	-	-	-	-	235,583	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)

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

The Company has three primary business segments viz:

Bulk Drugs

Chemicals

Trading

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.

Trading

Comprises Purchases and Sales of Viscose Staple Fibre, Polyester and Staple Yarn etc.

Others represent all unallocable items not included in the segments

There are no intersegment transactions during the year.

Information about Business Segments

	2014-2015	2013-2014
	₹	₹
Revenue External (Net Sales and other incomes)		
Bulk Drugs	166,391,596	130,055,535
Chemicals	122,782,676	146,468,536
Trading	1,024,442	38,543,597
Others	14,694,110	18,260,421
Total	304,892,824	333,328,089
Profit/ (Loss) before Tax		
Bulk Drugs	52,751,410	36,943,333
Chemicals	(3,739,929)	(3,571,391)
Trading	908,943	119,339
Others	7,292,442	12,504,387
Total	57,212,866	45,995,668
Depreciation and Amortisation		
Bulk Drugs	10,970,417	7,356,529
Chemicals	5,747,342	3,487,374
Trading	—	—
Others	37,803	19,281
Total	16,755,562	10,863,184

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)

	2014 -2015 ₹	2013-2014 ₹
Capital Expenditure		
Bulk Drugs	29,729,311	12,060,778
Chemicals	861,606	139,972
Trading	—	—
Others	36,990	—
Total	30,627,907	12,200,750
Assets		
Bulk Drugs	238,623,540	212,914,905
Chemicals	64,500,953	89,297,044
Trading	152,669	141,410
Others	123,772,207	118,843,604
Total	427,049,369	421,196,963
Liabilities *		
Bulk Drugs	26,577,304	34,434,571
Chemicals	11,570,059	35,356,347
Trading	1,500	—
Others	16,717,618	14,017,417
Total	54,866,481	83,808,335
* Excluding Shareholders' Funds		
Information about Secondary Segments		
Segment Revenue (External) by Geographical Location of Customers		
Within India	116,537,323	183,125,103
Outside India	173,661,391	131,942,565
Total	290,198,714	315,067,668
Segment Assets by Geographical Locations		
Within India	303,276,802	301,846,759
Outside India	—	506,600
Total	303,276,802	302,353,359
Segment Capital Expenditure		
Within India	29,069,867	12,200,750
Outside India	1,521,050	—
Total	30,590,917	12,200,750

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE -28 (Contd.)

		2014 – 2015				2013 – 2014			
		₹				₹			
28.08	Expenditure in foreign currency:								
	Bank Commission	50,048				22,766			
	Travelling Expenses	1,468,413				—			
		<u>1,518,461</u>				<u>22,766</u>			
28.09	Value of imported and indigenous raw materials and spare parts and components consumed :								
		Raw Materials				Spare Parts and Components			
		2014 – 2015		2013 – 2014		2014 – 2015		2013 – 2014	
		₹	%	₹	%	₹	%	₹	%
	Imported	445,668	0.30	4,165,504	2.44	—	—	—	—
	Indigenous	147,925,540	99.70	166,520,025	97.56	2,181,701	100	2,860,083	100
		<u>148,371,208</u>	<u>100.00</u>	<u>170,685,529</u>	<u>100.00</u>	<u>2,181,701</u>	<u>100</u>	<u>2,860,083</u>	<u>100</u>
						2014-2015		2013-2014	
						₹		₹	
28.10	C. I. F. Value of Imports :								
	Capital Goods	1,521,050				—			
	Raw Materials	981,939				—			
28.11	Earnings in foreign exchange:								
	Export of goods (calculated on F. O. B. basis)	169,597,978				128,829,362			
28.12	Total consumption of Stores and Spares Parts (including other heads of accounts)	3,880,526				4,429,543			
28.13	The previous year's figures have been regrouped / reclassified, wherever necessary to conform to the current year's presentation.								

Signature to Note '1' to '28'

Kolkata, 29th May, 2015	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	M. L. Daga Secretary	A. K. Kothari Chairman	On behalf of the Board A. K. Toshniwal Mg. Director
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KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED

Regd. Office : C-4, Gillander House, 8, Netaji Subhas Road, Kolkata - 700 001

Phone : 2230-2331 (6 Lines), Fax : 2242-7286, E.Mail : hokothari@yahoo.com

Website : www.kothariphyto.com CIN : L15491WB1897PLC001365

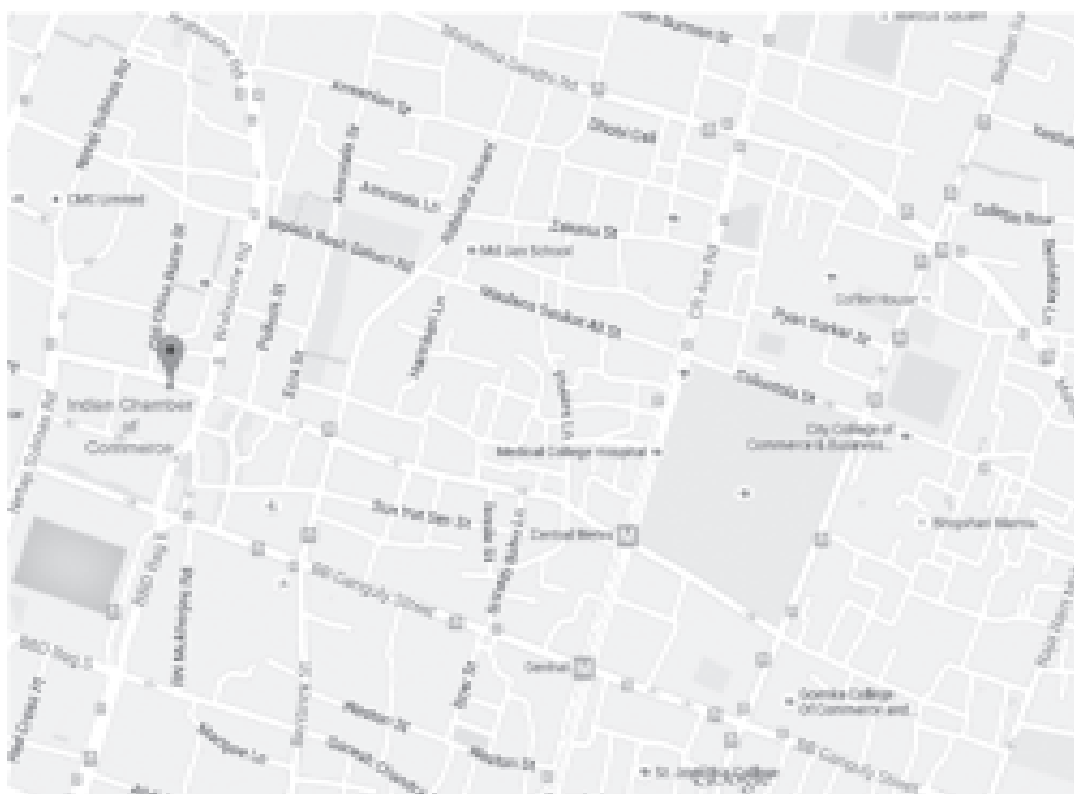


Venue of 119th Annual General Meeting

“Indian Chamber of Commerce”

Auditorium, 10th Floor

4, India Exchange Place, Kolkata - 700 001



Route Map



KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED

CIN : L15491WB1897PLC001365

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
Share Department
KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED
C-4, Gillander House, 8 Netaji Subhas Road
Kolkata - 700 001

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Dear Sirs,
(Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK (✓) wherever applicable)

For shares held in physical form :

Master Folio No.

For Office Use only
ECS Ref. No. :

For shares held in electronic form :

DP ID

Client ID

Name of Sole/First Holder	
Name of Bank	
Branch Name	
Branch Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank) Please attach a xerox copy of a cheque or a blank cheque of your bank account duly cancelled for ensuring accuracy of the bank's name, branch and code number.

Account type (✓)

Savings	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit	<input type="checkbox"/>
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Ledger No./Ledger Folio No.

Bank A/c No. (as appearing in the cheque book)

Effective date of this mandate

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Kothari Phytochemicals & Industries Limited, will not be held responsible.

I hereby agree to avail the ECS facility provided by RBI.

I further undertake to inform the Company any change in my Bank/Branch and account number, if any.

(Signature of Sole / First Holder)

Place :

Date :

(Name of Sole / First Holder)

