



Kothari Petrochemicals Limited

22nd Annual Report 2010 - 11

CORPORATE INFORMATION

Board of Directors	: B.H.Kothari - Chairman & Managing Director G.Narayanaswamy P.N.Devarajan P.K.Rudra P.S.Balasubramaniam N. Chandramouli (Till 30-06-2011)
Company Secretary	: S.Sundaramurthy
Statutory Auditors	: R.Subramanian and Company Chartered Accountants, No.6, Krishnaswamy Avenue, Luz, Mylapore, Chennai - 600 004
Internal Auditors	: K.R.Sarangapani and Co. Chartered Accountants, Chennai - 600 083
Cost Auditors	: P.Rajulyer, M. Pandurangan & Associates, Chennai - 600 029
Legal Advisors	: S.Ramasubramaniam and Associates Advocates, Chennai - 600 004
Registered Office	: "Kothari Buildings" 115, Mahatma Gandhi Salai Nungambakkam, Chennai - 600 034 Phone No.044 -30225616 / 30225507 Fax No.044 -28334560
Registrar & Share Transfer Agent	: Cameo Corporate Services Limited Subramanian Building, 5 th Floor No.1, Club House Road Chennai - 600 002 Phone No. 044 - 28460390 to 28460394 Fax No.044 - 28460129 e-mail: investor@cameoindia.com
Listing	: The National Stock Exchange of India Limited (NSE), Mumbai
Stock Code	: KOTHARIPET ISIN No.INE720A01015

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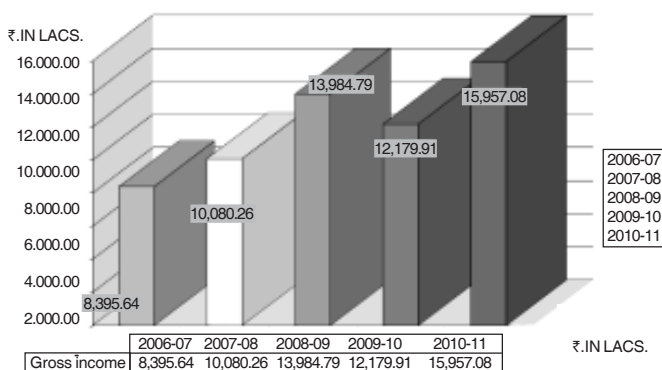
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Financial Highlights

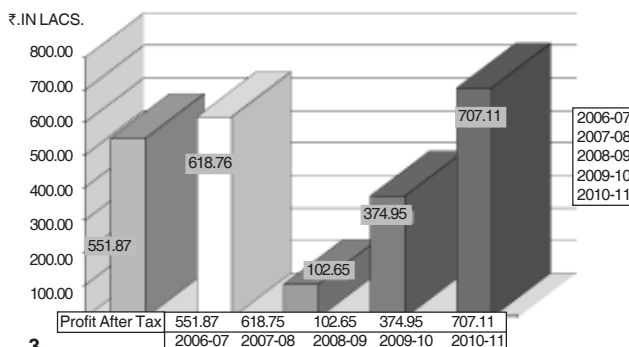
₹. in Lacs

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
PROFITABILITY ITEMS					
Gross Income	8,395.64	10,080.26	13,984.78	12,179.91	15,957.07
Gross Profit (PBDIT)	733.97	907.93	434.42	921.24	1,219.18
Profit After Tax	551.86	618.75	102.65	374.96	707.11
BALANCE SHEET ITEMS					
Net Fixed Assets	1,788.29	3,219.25	2,992.43	2,739.29	3,470.85
Investments	1,214.10	258.51	193.41	511.35	509.92
Net Current Assets	1,507.85	1,651.23	2,045.80	2,529.65	2,430.83
Total Capital Employed	4,510.25	5,129.00	5,231.64	5,780.29	6,411.60
Shareholders Funds	4,510.24	5,129.00	5,231.64	5,606.60	5,971.74
RATIOS					
Book Value Per Share (₹)	7.66	8.72	8.89	9.53	10.15
EPS (₹)	0.94	1.05	0.17	0.64	1.20
Return on Inversment	9.32%	10.45%	1.73%	6.33%	11.84%
Current Ratio	4.70	3.08	3.09	3.27	2.52

Gross Income



Profit After Tax



NOTICE

Notice is hereby given that the 22nd Annual General Meeting of **Kothari Petrochemicals Limited** will be held on Wednesday, September 07, 2011 at 10.30 A.M. at "Rani Seethai Hall" No.603, Anna Salai, Chennai - 600 006 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the financial year ended on that date along with Auditors' and Directors' Report thereon.
2. To confirm Interim Dividend paid as the final dividend on equity shares for the financial year 2010-11
3. To appoint a Director in the place of Mr.P.N.Devarajan, who retires by rotation and being eligible offers himself for re-appointment.

4. Appointment of Auditors

To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**:

"**Resolved** that M/s.R.Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors be and are hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors".

Special Business

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

"**Resolved** that pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII, and/or any statutory modification(s) or re-enactment(s) thereof, Mr.B.H.Kothari be and is hereby re-appointed as Managing Director of the Company for a period of 5 (five) years with effect from December 01,2011 to November 30, 2016 without any remuneration, subject to, however that Mr.B.H.Kothari, Managing Director be paid sitting fees at such rate as paid to the other directors for attending the Board and Committee Meetings from time to time."

By Order of the Board
for **Kothari Petrochemicals Limited**

Place: Chennai
Date : July 29, 2011

S.Sundaramurthy
Company Secretary

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHALL NOT BE ENTITLED TO VOTE EXCEPT ON A POLL. PROXIES SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT ANY TIME NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted is annexed hereto.

3. **Members or Proxies are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting and members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.**
4. Share Transfer books and Register of Members will remain closed from Wednesday, 31.08.2011 to Wednesday, 07.09.2011 (both days inclusive)
5. Shareholders are requested to bring copies of their Annual Reports, as no additional copies will be provided.
6. The terms set out in the Resolution and Explanatory Statement may be treated as an abstract of the terms of the contract between the Company and Mr.B.H.Kothari, Managing Director pursuant to section 302 of the Companies Act, 1956.
7. Members holding shares in Dematerialized form are requested to intimate all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Transfer Agents (RTA). Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA M/s. Cameo Corporate Services Limited.
8. As per RBI Guidelines, with effect from 1st October, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new and unique bank account number, allotted by banks, post implementation of core banking solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

In this regard shareholders holding shares in electronic form are requested to furnish new 10 digit Bank account number allotted to them by their bank (after implementing of CBS) along with photocopy of a Cheque of the concerned account to their Depository Participant. If the shares are held in physical form, these details may be sent to the Registrar and Transfer Agents.
9. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of de-materialization which include easy liquidity (since trading is permitted only in dematerialized form) electronic transfer, savings in stamp duty and prevention of forgery, etc.
10. The Board of Directors in its meeting held on May 11, 2011 declared Interim Dividend @ 0.50 paise (5%) per share on the paid up equity share capital of the company. Members are requested to encash the Dividend Warrants before 08 Dec 2011 as the dividend warrant is valid only till that date.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956

Item No.5

The Board at the Meeting held on 29.07.2011 appointed Mr.B.H.Kothari as the Managing Director of the Company for a period of 5 (five) years with effect from December 01, 2011, since his current term shall effect only on 30.11.2011. The Appointment is subject to the shareholders approval.

No remuneration shall be paid to him except sitting fees for attending the meetings of the Board and/or Committees thereof.

Mr.B.H.Kothari is concerned and is interested in this resolution as it relates to his appointment.

No other director is directly or, indirectly, interested or concerned in this resolution.

The Board of Directors recommends the passing of the proposed resolution.

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s.Cameo Corporate Services Limited, whose address is given in this Annual Report at page 19.

ANNEXURE TO THE NOTICE

THE INFORMATION IN RESPECT OF ITEM NO.3 & 5 IN ACCORDANCE WITH CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT FOR CORPORATE GOVERNANCE ABOUT DIRECTORS SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.3	Item No. 5
Name of the Director	Mr.P.N.Devarajan	Mr.B.H. Kothari
Date of Birth	February 15, 1935	November 11, 1961
Date of Appointment	April 24, 2009	April 28, 1989
Qualification	B.Sc., M. Tech. (Chemical Plant Design), IIT, Kharagpur	B.Com
Experience in specific functional areas	He has held senior positions in many organizations such as M/s. Merck Sharp and Dhome, Chemplast, Shriram Chemicals and Fertilizers Limited, Essar Group etc. He has also served as Chairman and Managing Director of Hindustan Organic Chemicals Limited and IDPL. He held positions of Director Central Board, RBI, Member-Chemicals and Export Promotion Council, Bombay, Member - Indo US Trade Business Council. He is presently a Professional Consultant for many leading Public Sector Organizations.	He is the Chairman of H.C.Kothari Group of Companies. He has more than 25 years of experience in administration and Management in the Sugar, Petrochemical and Financial Services Industries. He is presently the Invitee Member (Committee) Federation of Indian Chamber of Commerce & Industry, Governing Council Member - Central Institute of Plastics & Engineering Technology. He has also served as Chairman of South Indian Sugar mills Association (Main) and is currently a member of the same. He is also the Member of Institute of Financial Management & Research.
List of other Companies in which Directorship held	Matix Fertilisers and Chemicals Ltd. Ogene System India (P) Ltd Tex Biosciences (P) Ltd. Tropical Technologies (P) Ltd.	Public Companies Kothari Sugars and Chemicals Ltd. Kothari Safe Deposits Ltd. Gayathri Securities Ltd.
Chairman / Member of the Committee of the Board of Director of the Company	Member-Audit Committee	Chairman - Investment and Credit Approval Committee Member - Share Transfer Cum Shareholders Grievances Committee.
Chairman / Member of the Committee of the other companies in which he is a Director	Nil	Kothari Sugars and Chemicals Ltd. Chairman - Investment and Credit Approval Committee Member - Share Transfer Cum Shareholders Grievances Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2011	Nil	No. of Equity Shares held. 1,77,400

By Order of the Board
for **Kothari Petrochemicals Limited**

Place: Chennai
Date : July 29, 2011

S Sundaramurthy
Company Secretary

DIRECTORS' REPORT

To the Members,

The Directors present the 22nd Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2011.

The performance highlights of the Company for the year are summarized below.

1. Financial Performance

(₹. in Lakhs)

Particulars	2010 - 2011	2009 - 2010
PBIDT	1,219.19	921.25
Interest	48.46	30.50
Profit after Interest	1,170.72	890.75
Depreciation & Goodwill	279.90	278.68
Profit after Depreciation & Goodwill	890.82	612.07
Tax Expenses	183.71	237.11
Profit After Tax	707.11	374.96
Profit / (Loss) brought forward from previous year	(312.47)	(687.43)
Profit available for appropriation	394.64	(312.47)
Interim Dividend	294.23	—
Dividend Tax on Interim Dividend	47.73	—
Balance Carried to Balance Sheet	52.67	(312.47)

2. Performance for the financial year 2010-11

The Company has achieved a turnover of Rs. 15,957 Lakhs for the year ended March 31, 2011 as against Rs.12,180 Lakhs for the previous year.

The plant adheres to excellent safety norms and conducts periodical safety & technical audits, training programme on chemical and safety exercises. The entire plant area is covered with green belt and additional efforts for improving the same will continue in the coming years.

Your Plant has been operating with both Quality Management System (ISO 9001:2000) and

Environmental Management System (ISO 14001: 2004) after a recertification audit was conducted by M/s.Det Naorske Veritas, Germany.

3. Dividend

After wiping out the entire accumulated losses, your Board of Directors in its meeting held on May 11, 2011 declared an Interim Dividend @ 0.50 paise (5%) per share on the paid up equity share capital of the company for the financial year 2010-11. The total dividend amount of Rs.2.94 Crores (excluding Dividend Tax and Cess thereon) was paid to the shareholders on June 09, 2011.

4. Disclosure under Section 217(2A) and 217(1)(e) of the Companies Act, 1956

During the year no employee has drawn salary in excess of the amount prescribed under provision of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is furnished in 'Annexure I'

5. Public Deposit

The Company has not accepted any Public Deposit during the year and there was no outstanding deposit anytime during the year.

6. Directors

The present term of Mr.B.H.Kothari, Managing Director concluded on November 30, 2011. Your Directors, in recognition of his committed role and valued contribution have re-appointed him as Managing Director of the Company for a period of 5 years from December 01, 2011 to November 30, 2016. Consent of the members is being sought of his appointment at this meeting.

Mr.P.N.Devarajan, Director retires by rotation and being eligible offers himself for re-appointment.

Mr.N.Chandramouli, Director resigned from the Board with effect from 01.07.2011. The Board of Directors place on record the appreciation for the valuable services rendered by him.

7. Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures, if any.
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared the annual accounts on a going concern basis.

8. Management Discussion And Analysis

Kothari Petrochemicals Limited (KPL) maintains its status as the single largest Poly Isobutene (PIB) manufacturer in India with an annual installed capacity of 22,000 Tons. Due to the continued efforts on the improvement of quality and manufacturing process operation discipline, the company could enter into different customer segments in domestic as well International market.

Industry Structure & Development:

KPL produces high quality PIB of various grades using Iso Butylen rich LPG being sourced from Refineries. The company also explores the possibility of getting the raw material from alternate sources within India.

Outlook:

Apart from the regular usage of the PIB in lubricants and additives, which cater to the automotive industry, KPL has invented the usage in new areas of application in Master Batch which is a growing market.

KPL has extended its marketing arms to new territories like China, Thailand, Iran in 2010-2011.

The recessionary trend is slowly disappearing in countries like US and Europe and the demand for PIB is improving to the normal level.

Opportunities:

Demand for special grade PIBs are identified in Countries like Singapore and we have started catering to such demands .Apart from the demand for regular grade of PIB (KVIS 10), there are potential market for other grades in China and Iran. KPL has started focusing on these markets and Increased the business in these territories. Since these markets are very keen on the quality of the product, KPL is continuously focusing on the developmental activities to improve the quality further.

As a customer-oriented strategy, KPL has a customer / market specific inventory approach which lends enormous supply security to its customers. Supply Security, International Quality and Impeccable Service have become the core competitive strengths of KPL.

Threats :

The demand for 2T oils in domestic market continues to be subdued .The demand projection for 2T oil by various Oil marketing Companies are almost stagnant.

Due to heavy demand for the other derivative products from LPG, the Iso Butene rich LPG supply to KPL is under severe threat from mid of 2011-12.

Global majors like Texas Petro Chem USA, Daelim, Korea and Poly Butanos, Brazil have completed their expansions and put the additional quantity in the market which has created an awareness of availability of surplus quantity in the market at a very competitive price among the unorganized customers/traders. Further these competitors and most other international PIB manufacturers have either captive source of feedstock or an adjunct refinery supplying feedstock through pipeline. This gives them a tremendous cost advantage since feedstock constitutes a major portion of the cost of production.

Risk & Concerns:

The Large Variations of International Crude Oil prices pushed the raw material suppliers to adopt an unclear pricing policy towards PIB manufacturers which has put KPL in a difficult situation to predict the raw material price movement.

To reduce the higher dependency on 1 or 2 raw material suppliers, KPL is continuously striving to identify alternate sources for raw material.

The existing credit policy being adopted by KPL is under tremendous pressure due to heavy competition from the international competitors especially from Korea. This leads KPL to extend some credit to their overseas customers after having done adequate amount of due diligence and in turn take the burden of working capital shortfall.

To mitigate the financial risks in global business, KPL as a strategy has covered its exports under a comprehensive ECGC policy. KPL also takes forward foreign exchange cover to hedge against forex fluctuations.

Internal Control Systems and their adequacy:

The company has appointed an independent firm of Chartered Accountants as Internal Auditors.

Internal Audit and Inspection: KPL is having a comprehensive system of internal inspection and audit as a check on internal control management systems. The reports of such auditor / inspector are being reviewed periodically for further improvement. Cost of Production (COP) sheet, Standard Operation Procedure (SOP), Activity Based Costing (ABC), Safety / Technical Audit are few such systems in practice.

Compliance: The Company has commitment of compliance with the internal audit towards the submissions of various returns and data information as required by the statutory authorities. The Company has an internal audit department, which verifies and administers suitable internal control system.

Vigilance: The Audit Committee reviews the report of Internal Audit and expresses ways and means to overcome the lapses, if any, pointed out in the report.

Corporate Governance: The Statutory Auditor of the Company has given a certificate to the Board as required under Clause 49 of the Listing Agreement.

Human Resources / Industrial Relations

During the year under review the Industrial Relations remained cordial. Employees at all levels demonstrated high degree of commitment for achieving the company's goals.

The company focused on career development of employees and internal recruitment was given focus through career elevation. The Key Performance Indicator (KPI) system and Daily work Management practices are introduced at all levels.

Training programs focusing on the soft skills like communication & Leadership skills were conducted. Knowledge Management initiatives were implemented and continued. Special on site programme and in house training programme were conducted on safety.

Weekly communication meetings and open house sessions were also introduced to improve the business performance, share the customer's expectation, market scenario, market expectation & challenges, and to address the concerns of employees.

During the year the Industrial Relations have been cordial, conducive and mutually productive. The total number of employees as on 31st of March 2011 was 112 in respect of petrochemical operations.

9. Corporate Governance

We believe that Corporate Governance is the crux of Shareholder value creation. Our governance practices along with the Auditor's Certificate on its compliance are attached hereto as an Annexure to this report.

10. Re-appointment of Auditors

Mr.R.Subramanian and Company, Chartered Accountants, Chennai, retire at the forthcoming annual general meeting and are eligible for re-appointment. As required under section 224 of the Companies Act, 1956, the company has obtained from them a confirmation to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said section.

11. Cost Auditor

Order No.F.No.52/26/CAB-2010 dated 2nd May 2011, issued by Ministry of Corporate Affairs, Cost Audit Branch pertaining to the Cost Accounting Records (Petroleum Industry) Rules 2002, requires companies to which any of the rules mentioned in the said order applies, need to conduct the Cost Audit. In accordance with the said order, Kothari Petrochemicals Limited comes under the purview of the above order and the requirement of Cost Audit is necessary for our product Poly Isobutene (PIB) for every financial year commencing on or after the 1st day of Apr 2011.

Based on the above requirements of the Ministry of Corporate Affairs, M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountants, were appointed as Cost Auditor of the Company to conduct the Cost Audit of Kothari Petrochemicals Limited for the year 2011-2012.

12. Acknowledgement

The Board acknowledges the co-operation and support extended by the Employees, consultants, suppliers, customers and all its business associates.

The Directors place on record their appreciation for the continued support and co-operation they have received from Financial Institutions, Banks, Central and State Governments.

On behalf of the Board
for **Kothari Petrochemicals Limited**

B.H. Kothari
Chairman and Managing Director

Place: Chennai
Date : July 29, 2011

FORM A
**Form for disclosure of particulars with respect to conservation of energy
 MANALI PLANT**

A. POWER AND FUEL CONSUMPTION	2010-11	2009-10
1. Electricity		
(a) Purchased		
Unit (Kwh)	66,67,738	48,80,270
Total Amount (Rs.)	3,63,05,766	2,35,20,079
Rate/unit (Rs.)	5.44	4.82
(b) Own generation		
(i) Through diesel generator		
Units	9,95,956	17,32,004
Unit per-litre of diesel oil	3.01	3.31
Cost/Units	12.91	10.16
(ii) Through steam turbine/generator	-	-
Units	-	-
Units per-litre of fuel oil/gas	-	-
Cost/units	-	-
2. Coal (specify quality and where used)	-	-
Quantity (k.litres)	-	-
Total cost	-	-
Average rate	-	-
3. Furnace oil		
Quantity (MT)	2,633.66	2,215.95
Total amount	7,07,92,204	5,07,37,459
Average rate	26,879.78	22,895.78
4. Others/internal generation (please give details)		
Quantity	-	-
Total cost	-	-
Rate/unit	-	-
5. Consumption per unit of production		
	Standard (if any)	
Products (with details) in MT	-	13197.10
Electricity (Unit per MT)	500	499.91
Furnace oil (MT of FO per MT)	0.20	0.17
Coal (specify quality)	-	-
Others (specify)	-	-

B. TECHNOLOGY ABSORPTION
FORM B
(Form for disclosure of Particulars with respect to Technology Absorption)

Research and Development (R & D)	:	Nil
Expenditure on R & D	:	Nil
Technology absorption, adoption and innovation	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo

₹. in Lakhs

S.No.	Particulars	2010-11	2009-10
(i)	Total Foreign Exchange earned	3,608.90	2,442.25
(ii)	Total Foreign Exchange outflow	121.56	34.54

(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)
1. Company's Philosophy

In Kothari Petrochemicals Limited (KPL), the pursuit towards achieving good Corporate Governance is an on-going process, thereby ensuring truth, transparency, accountability and responsibility in all our dealings with customers, dealers, employees, shareholders and with every individual who comes in contact with the Company.

KPL firmly believes that the practice of trusteeship, transparency, empowerment and accountability in all dealings with its stakeholders, which leads to the creation of the right corporate culture, in which the company is managed in a manner that fulfils the purpose of Corporate Governance.

KPL's commitment for effective Corporate Governance continues and the company has always been at the forefront of benchmarking its internal systems and controls within reasonably accepted standards to create long term value for its shareholders.

2. Board of Directors

In compliance with the Corporate Governance norms the present strength of the Board is Five, headed by the Chairman & Managing Director, Mr.B.H.Kothari. While Mr.B.H.Kothari, and Mr.P.S.Balasubramaniam are interested directors, the others are Independent Directors.

Non-executive Directors (NED) are professionals and have vast experience in the field of industry, finance and law representing optimal mix of professionalism, knowledge and expertise. They bring wide range of expertise and experience to the Board.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosure regarding Committee positions in other companies as on 31 March 2011 have been made by the Directors.

The details of composition of the Board, the attendance at Board meetings during the financial year and at the last Annual General Meeting, number of directorships and committee positions held during 2010-11 are furnished in the following table.

Name of the Director	No.of Category	No. of Board Meetings attended	Attendance at previous AGM held on September 22, 2010	No. of Directorship in other Public Companies	No. of Committee positions (as Member / Chairman) held in other Public Companies	
					Member	Chairman
Mr.B.H.Kothari	CMD	5	Present	3	2	Nil
Mr.G.Narayanaswamy	ID	4	Present	Nil	Nil	Nil
Mr.P.K.Rudra	ID	5	Present	Nil	Nil	Nil
Mr.P.N.Devarajan	ID	4	Present	1	Nil	Nil
Mr.N.Chandramouli (*)	NED	5	Present	2	Nil	Nil
Mr.P.S.Balasubramaniam	NED	5	Present	4	1	Nil

(*) Resigned w.e.f. 01.07.2011

ID - Independent Directors & NED - Non-Executive Directors

Board Meetings held during the financial year 2010-2011

BOARD MEETINGS				
26.04.2010	12.08.2010	22.09.2010	03.11.2010	11.02.2011

3. Committees of the Board

The Board has set up the following Committees as required under Corporate Governance:

(a) Audit Committee

During the year under review, the Committee met 4 times and the attendance details of Committee Members is as follows:

Sl.No.	Name of the Member	Category	Meetings Attended
1.	Mr. G. Narayanaswamy	Chairman	3
2.	Mr.P.K.Rudra	Member	4
3.	Mr.P.N.Devarajan	Member	3
4.	Mr.N.Chandramouli	Member	4

(b) Audit Committee Meetings held during the financial year 2010-2011

AUDIT COMMITTEE MEETINGS			
26.04.2010	12.08.2010	03.11.2010	11.02.2011

(c) Board Reference to the Audit Committee

The Auditors of the Company (both Statutory and Internal Auditors) participate in the Audit Committee meetings as also the Finance In-charge and other operational heads, of the Company. The Company Secretary acts as the Secretary of the Audit Committee. The powers and role of the Audit Committee are as specified in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Board's terms of reference of the committee includes the following:

- (i) Recommending to the Board, the appointment, re-appointment and, if

required, the replacement or removal of the statutory auditor/cost auditor and the fixation of audit fees.

- (ii) To review the internal controls, with the Management and the Auditors and report to the Board together with recommendations thereon.
- (iii) To select and establish accounting policies.
- (iv) To review the adequacy of internal audit function, staffing, reporting structure and frequency of internal audits.
- (v) To review the Company's financial and risk management policies.
- (vi) To approve the Quarterly Unaudited Financial Results for publication.
- (vii) To review the Management Discussion and Analysis of Financial condition and results of operation.
- (viii) To review the related party transactions submitted by the management.

(d) Share Transfer Cum Shareholders Grievances Committee

The Share Transfer cum Shareholders Grievances Committee comprises of Messrs P.S.Balasubramaniam, B.H.Kothari and N.Chandramouli to look into redressing of Shareholders' and Investors complaints such as transfer of shares, non-receipt of annual reports etc. Mr.S.Sundaramurthy, Company Secretary, is the Compliance Officer.

During the year under review, the Committee met 15 times and the attendance details of Committee Members is as follows :

Sl.No.	Name of the Member	Category	Meetings Attended
1.	Mr. P.S.Balasubramaniam	Chairman	15
2.	Mr.B.H.Kothari	Member	15
3.	Mr.N.Chandramouli	Member	12

(e) **Details of the Complaints received from the Shareholder(s) / Department(s) during the Financial Year 2010 - 2011**

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redress under process at the year end
1	Non receipt of Dividend	Nil	Nil	Nil
2	Transfer of shares	Nil	Nil	Nil
3	Dematerialization matters	Nil	Nil	Nil
4	Non receipt of annual reports	8	8	Nil
5	Others	3	3	Nil
Total		11	11	Nil
1	SEBI	2	2	Nil
2	Ministry of Corporate Affairs	Nil	Nil	Nil
3	National Stock Exchange	Nil	Nil	Nil
4	Registrar of Companies	1	1	Nil
5	Consumer forum	Nil	Nil	Nil
Total		3	3	Nil

(f) **Remuneration Committee**

No Remuneration Committee was constituted by the Company during the financial year 2010-11, since no director was in receipt of any remuneration other than sitting fees.

4. Directors' sitting fees

Sitting fees for the Board/Committee meetings for the year 2010-11 and the details are furnished hereunder:

(Amount in ₹)

Sl.No.	Name of the Directors	Sitting fees paid		
		Board Meeting	Audit Committee	Total
1	Mr.B.H.Kothari	25,000	N.A.	25,000
2	Mr.G.Narayanaswamy	20,000	12,000	32,000
3	Mr.P.K.Rudra	25,000	16,000	41,000
4	Mr.P.N.Devarajan	20,000	12,000	32,000
5	Mr.N.Chandramouli	25,000	16,000	41,000
6	Mr.P.S.Balasubramaniam	25,000	N.A.	25,000
Total		1,40,000	56,000	1,96,000

5. Annual General Meeting

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Day	Time
2009-2010	The Music Academy,	September 22, 2010	Wednesday	10.30 A.M.
2008-2009	Old No.306, New No. 168	September 18, 2009	Friday	10.15 A.M.
2007- 2008	T.T.K. Road, Chennai-14	September 18, 2008	Thursday	11.00 A.M.

6. Details of Special Resolutions passed during the last three Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
Sep 22, 2010	Nil	Nil
Sep 18, 2009		
Sep 18, 2008		

7. Postal Ballot

During the financial year 2010-2011 no Special Resolution was passed through Postal Ballot.

8. Disclosures

During the financial year 2010-2011, the Audit Committee and the Board considered periodically the statement of related party transactions with details together with the basis at their respective meetings. However, the Company had no materially significant related party transactions, which are considered to have potential conflict with the interests of the Company at large. As required by the Accounting Standard AS-18 and Clause 49(A) of Listing Agreement entered into with NSE, the details of related party transactions are given as a schedule in Notes to accounts, which is forming part of accounts.

There has not been any instance of non-compliance, penalties or strictures imposed by the Stock Exchanges, and / or SEBI on any matter relating to capital markets, in the preceding three years.

The Company has adopted a Code of Conduct for its Directors and Senior Management, which has been posted on the Company's website. The Chairman has given a declaration that the Directors and Senior Management of the Company have affirmed the compliance with the Code of Conduct.

As required under Clause 49 of the Listing Agreement a Certificate signed by the Chairman & Managing Director and President - Finance-in-Charge is attached.

9. Management Discussion and Analysis Report

A Management Discussion and Analysis Report, which forms a part of the Directors Report.

10. Communication

The Quarterly, Half Yearly, Nine Months period and Annual financial results are published in The Financial Express and Malai Murasu. The financial results and other important events are also posted in the Company's website viz. www.kotharipetrochemicals.com. The Half-Yearly financial results are not sent individually to the shareholders.

11. Shareholder Information**Annual General Meeting**

Day, Date and Time	Wednesday, September 07, 2011 at 10.30 A.M.
Venue	Rani Seethai Hall, No.603, Anna Salai , Chennai - 600 006

12. Financial Calander Year of the Company

The Financial Year covers the period from 1st April to 31st March.

Financial Reporting for year 2011-2012 (Tentative)

Results for Quarter ending 30th June, 2011	Second fortnight of July, 2011
Results for Quarter ending 30th September, 2011	First fortnight of November, 2011
Results for Quarter ending 31st December, 2011	First fortnight of February, 2012
Results for Quarter ending 31st March, 2012	First fortnight of May, 2012

13. Date of Book Closure

The period of book closure is fixed from Wednesday 31.08.2011 to Wednesday, 07.09.2011 (both days inclusive)

14. Dividend

Interim Dividend paid on 09th June 2011 to the shareholders whose names appeared in the Register of Members as on 31.05.2011

15. Details of the outstanding ADRS/GDRS/WARRANTS OR CONVERTIBLE INSTRUMENTS

Not applicable.

16. Listing Particulars

The shares of the Company are listed in The National Stock Exchange of India Limited, Mumbai and the listing fees upto the financial year 2011 - 12 have been paid. (Stock Code - **KOTHARIPET**)

17. Market Price Data: High, Low in each month of the Financial Year 2010-2011 on The National Stock Exchange of India Limited.

(Amount in Rupees)

Month	High	Low	Month	High	Low
April 2010	11.80	8.00	October 2010	11.60	7.80
May 2010	10.00	7.45	November 2010	11.25	8.00
June 2010	9.60	6.90	December 2010	9.80	7.85
July 2010	9.95	7.90	January 2011	8.85	7.00
August 2010	9.25	7.00	February 2011	7.60	5.60
September 2010	9.70	7.80	March 2011	7.95	6.05

18. Registrar and Share Transfer Agents

The Registrars and Share Transfer Agents of the Company is M/s.Cameo Corporate Services Ltd., at "Subramanian Building", No.1, Club House Road, Chennai - 600 002.

19. Distribution of Shareholdings

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5000	7,836	23,65,907
5001-10000	1,860	16,80,499
10001-20000	603	10,11,158
20001-30000	237	6,26,427
30001-40000	97	3,61,312
40001-50000	132	6,36,556
50001-100000	136	10,34,272
100001 and above	139	5,11,30,269
Total	11,040	5,88,46,400

20. Shareholding Pattern

Sl. No.	Category	No. of Holders	No. of shares	% of Shares
(i)	Resident Indians	10,733	95,59,597	16.24
(ii)	Domestic Companies	245	61,88,619	10.52
(iii)	NRIs	39	51,643	0.09
(iv)	Promoters	12	3,87,16,600	65.79
(v)	Directors & Relatives	4	5,300	0.01
(vi)	FII's	1	40,500	0.07
(vii)	Mutual Funds	3	52,500	0.09
(viii)	Financial Institutions	3	42,31,641	7.19
	Total	11,040	5,88,46,400	100.00

21. Dematerialization of Shares

As on March 31, 2011, 5,62,58,934 shares representing 95.60% Company's total shares were held in dematerialized form and the balance shares were held in physical form.

ISIN No.INE720A01015

22. Plant Location

Manali	No.1/2-B, 33/5, Sathangadu Village, Tiruvottur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone Nos. : 044 - 2594 1308 / 1309, Fax No. : 044 - 2594 1524
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23. Contacts

Company's Registered Office	Company Share Transfer Agent
The Company Secretary Kothari Petrochemicals Limited Kothari Buildings 115, Mahatma Gandhi Salai Nungambakkam Chennai - 600 034. Telephone Nos. 044 – 3022 5616, 3022 5507 Fax Nos. 044 – 2833 4560 e-mail : secdept@hckgroup.com	M/s.Cameo Corporate Services Limited Unit: Kothari Petrochemicals Limited Subramanian Building, 5th Floor No.1, Club House Road Chennai - 600 002 Telephone Nos.044 - 2846 0390 (5 Lines) Fax No. 044 – 2846 0129 e-mail: investor@cameoindia.com

On behalf of the Board
 for **Kothari Petrochemicals Limited**

Place: Chennai
 Date : July 29, 2011

B.H. Kothari
 Chairman and Managing Director

DECLARATION

As provided under clause 49 of the Listing Agreement with the stock exchanges, this is to confirm that all the Members of the Board and the senior management have affirmed compliance with the Code of Conduct for the year ended March 31, 2011.

for **Kothari Petrochemicals Limited**

Place: Chennai
 Date : July 29, 2011

B.H.Kothari
 Chairman and Managing Director

CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF LISTING AGREEMENT

We, B.H.Kothari, Chairman & Managing Director and N.Rangarajarathinam, President, Finance In-Charge of the Company hereby confirm and certify that:

- (a) We have reviewed the financial statements and the Cash Flow Statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain 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) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year
 - (ii) significant changes in accounting policies during the year and that the same have 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 a significant role in the company's internal control system over financial reporting.

Place: Chennai
Date : July 29, 2011

B.H.Kothari
Chairman and Managing Director

N.Rangarajarathinam
President
Finance In-charge

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kothari Petrochemicals Limited

We have examined the compliance of conditions of Corporate Governance of M/s. Kothari Petrochemicals Limited, for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the 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.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Registrars and Share Transfer Agents of the company, there were no investors' grievances remaining unattended / pending for more than 30 days as at March 31, 2011.

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

for **R.Subramanian and Company**

Chartered Accountants
Firm No. 004137S

N.R.Kuppuswamy
Partner
M.No.203307

Place: Chennai
Date: July 29, 2011

REPORT OF THE AUDITORS TO THE MEMBERS OF KOTHARI PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of Kothari Petrochemicals Limited as at 31st March 2011 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to the company.
4. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and schedules attached thereto, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i) in so far it relates to the Balance Sheet, the state of affairs of the company as at 31st March 2011,
 - ii) in so far it relates to the Profit and Loss account, of the profit for the year ended on that date, and
 - iii) in so far it relates to the Cash Flow Statement, of the Cash Flow for the year ended on that date.

for **R. Subramanian and Company**

Chartered Accountants

Firm No.004137S

Place : Chennai
Date : July 29, 2011

N.R.Kuppuswamy

Partner

M.No.:203307

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. No major asset has been disposed off during the year and hence the concept of going concern is not affected.
4. Inventories were physically verified during the year by the management at reasonable intervals.
5. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management was reasonable and adequate in relation to the size of the Company and the nature of its business.
6. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
7. The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
8. The company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and there was no continuing failure to correct any major weakness.
10. In our opinion and according to the explanations given to us, there are no transactions made in pursuance of contracts or arrangements requiring entry in the registers maintained under section 301 of the Companies Act, 1956.
11. The company has no fixed deposits requiring compliance of provisions of Section 58 and 58 AA or any other relevant provisions of the act.
12. The Internal Audit function has been carried out by a firm of Chartered Accountants and is commensurate with the size of the company and the nature of its business.
13. To the best of our knowledge and according to the information and explanations given to us the company's present business does not require the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
14. According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Income tax, Sales tax and any other statutory dues with the appropriate authorities during the year. The company has no dues towards Provident Fund, Investor Education and Protection Fund, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess

15. According to the information and explanations given to us, there is no undisputed amount payable towards sales tax or income tax.
16. According to the information and explanations given to us, there are no dues of Sales tax, Income tax Wealth Tax, Service Tax, Custom Duty, and Excise Duty which have not been deposited on account of any dispute.
17. The Company does not have any accumulated losses at the end of the year. The Company has not incurred any cash loss during the financial year and the immediately preceding financial year.
18. The Company has not defaulted in the repayment of dues to the Banks. There were no dues to Financial Institutions and Debenture Holders.
19. The Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
20. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
21. In our opinion and according to the information and explanations given to us the Company has not given any guarantee for any loans taken by others from banks and financial institutions during the financial year.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no term loan was availed by the Company during the year.
23. In our opinion and according to the information and explanations given to us the Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
24. The company has not made any public issue of shares during the year and hence the question of verifying the end use of the funds does not arise.
25. According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year.
26. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year.

for **R. Subramanian and Company**
Chartered Accountants
Firm No.004137S

Place : Chennai
Date : July 29, 2011

N.R.Kuppuswamy
Partner
M.No.:203307

(Amount in ₹.)

	Particulars	Schedule	As at 31.03.2011	As at 31.03.2010
I	SOURCES OF FUNDS			
	1. Shareholders Funds			
	a) Capital	A	59,18,67,500	59,18,67,500
	b) Reserves and Surplus	B	53,07,241	40,000
	Total		59,71,74,741	59,19,07,500
	2. Loan Funds			
	a) Secured Loans	C	2,05,10,581	41,32,087
			2,05,10,581	41,32,087
	3. Deferred Tax Liability [Refer Schedule-P(B)(Notes-4)]		2,34,74,885	1,32,37,488
			64,11,60,207	60,92,77,075
II	APPLICATION OF FUNDS			
	1. Fixed Assets			
	a) Gross Block	D	37,11,60,918	37,09,51,775
	b) Less : Accumulated Depreciation		12,50,12,674	9,70,22,515
	c) Net Block		24,61,48,244	27,39,29,260
	Capital Work in Progress		10,09,36,778	-
			34,70,85,022	27,39,29,260
	2. Investments	E	5,09,92,487	5,11,34,988
	3. Current Assets, Loans and Advances	F		
	a) Inventories		7,69,71,787	4,88,61,381
	b) Sundry Debtors		10,63,43,358	8,24,09,475
	c) Cash and Bank Balances		4,53,74,082	5,22,25,124
	d) Loans and Advances		16,17,60,456	15,55,54,265
	e) Other Current Assets		1,28,71,810	2,52,10,962
			40,33,21,493	36,42,61,207
	Less:Current Liabilities	G		
	a) Liabilities		12,49,78,123	11,06,13,797
	b) Provisions		3,52,60,671	6,81,975
			16,02,38,794	11,12,95,772
	Net Current Assets		24,30,82,699	25,29,65,435
	Profit and Loss Account Debit Balance		-	3,12,47,392
	Total		64,11,60,207	60,92,77,075

The Schedules referred above and notes in Schedule P form an integral part of this Balance Sheet and should be read in conjunction therewith
 For and on behalf of the Board This Balance Sheet referred to in our report of even date

B.H. Kothari
 Chairman & Managing Director

P.S.Balasubramaniam
 Director

for **R.Subramanian and Company**
 Chartered Accountants
 Firm No.004137S

Place : Chennai
 Date : July 29, 2011

S. Sundaramurthy
 Company Secretary

N.R. Kuppaswamy
 Partner
 M.No.:203307

(Amount in ₹.)

Particulars	Schedule	For the Year Ended	
		31.03.2011	31.03.2010
INCOME			
Sales (Gross)	H	159,57,07,701	121,79,90,954
Less : Excise Duty		11,71,27,691	8,98,38,470
Sales (Net)		147,85,80,010	112,81,52,484
Other Income	I	1,42,26,481	88,86,648
Less : Excise Duty on Scrap & Spent CSL		10,714	37,974
		1,42,15,767	88,48,674
		149,27,95,777	113,70,01,158
Increase / (Decrease) in stock of Work in Process and Finished Goods	J	44,53,449	(11,67,317)
Total		149,72,49,226	113,58,33,841
EXPENSES			
Material cost	K	111,74,58,162	83,55,61,976
Employees Cost	L	3,67,30,320	3,31,85,179
Manufacturing & Other Expenses	M	22,11,41,986	17,49,61,706
Interest & Finance Charges	N	48,46,474	30,50,196
Total		138,01,76,942	104,67,59,057
Profit Before Depreciation		11,70,72,284	8,90,74,784
Less : Depreciation		1,28,30,159	1,27,08,166
Less : Amortisation of Intangible Assets		1,51,60,000	1,51,60,000
Profit / (Loss) before Tax		8,90,82,125	6,12,06,618
Tax Expenses	O	1,83,71,112	2,37,11,488
Profit / (Loss) for the Year after Tax		7,07,11,013	3,74,95,130
Profit / (Loss) brought forward from previous year		(3,12,47,392)	(6,87,42,522)
Profit available for appropriations		3,94,63,621	(3,12,47,392)
Appropriations :			
Interim Dividend		2,94,23,200	—
Dividend Tax on Interim Dividend		47,73,180	—
Balance Carried to Balance Sheet		52,67,241	(3,12,47,392)
Number of Equity Shares		5,88,46,400	5,88,46,400
Basic and Diluted Earnings Per Share - Face Value Rs.10		1.20	0.64

The Schedules referred above and Notes in Schedule - P form an Integral part of this Profit & Loss Account and should be read in conjunction therewith

For and on behalf of the Board

This Profit & Loss Account referred to in our report of even date

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

for **R.Subramanian and Company**
Chartered Accountants
Firm No.004137S

Place : Chennai
Date : July 29, 2011

S. Sundaramurthy
Company Secretary

N.R. Kuppaswamy
Partner
M.No.:203307

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

(Amount in ₹.)

Particulars	31.03.2011	31.03.2010
A. Cash Flow from Operating Activities :		
Net Profit / (Loss) after extraordinary items	8,90,82,125	6,12,06,618
Adjustments for :		
Depreciation	1,28,30,159	1,27,08,166
Interest received	(11,56,638)	(13,70,938)
Amortisation of Intangible Asset	1,51,60,000	1,51,60,000
Profit on Sale of MF Units and Dividend income	(40,63,365)	(18,06,068)
(Profit) / Loss on Sale of Shares	3,556	-
	2,27,73,712	2,46,91,160
Operating Profit before Working Capital Changes	11,18,55,837	8,58,97,778
Trade Debtors and Other Receivables	(2,39,33,882)	(48,10,016)
Loans and Advances & Other Current Assets	2,31,32,961	(1,63,70,198)
Inventories	(2,81,10,406)	(13,68,729)
Trade payables and current liability	66,12,927	50,01,813
	(2,22,98,400)	(1,75,47,130)
Cash Generation from Operations	8,95,57,437	6,83,50,648
Less : Direct Taxes Paid	1,70,00,000	1,05,33,789
Net Cash Generation from Operating Activities - A	7,25,57,437	5,78,16,859
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(2,09,143)	(25,53,990)
Capital Work in Progress	(10,09,36,778)	-
Redemption of Investment	1,42,501	(3,17,93,900)
Interest Received	11,56,638	13,70,938
Profit on Sale of MF Units and Dividend income	40,63,365	18,06,068
Purchase / Sale of Investments (Net)	(3,556)	-
Net Cash used in Investing Activities - B	(9,57,86,973)	(3,11,70,884)
C. Cash Flow from Financing Activities : Secured Loan	1,63,78,494	41,32,087
Net Cash from in Financing activities - C	1,63,78,494	41,32,087
Net Increase / (Decrease) in Cash and Cash equivalents-A+B+C	(68,51,042)	3,07,78,064
Cash and Cash equivalents at the beginning of the year	5,22,25,124	2,14,47,060
Cash and Cash equivalents at the close of the year	4,53,74,082	5,22,25,124

For and on behalf of the Board

This Cash Flow Statement referred to in our report of even date

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

for **R.Subramanian and Company**
Chartered Accountants
Firm No.004137S

Place : Chennai
Date : July 29, 2011

S. Sundaramurthy
Company Secretary

N.R. Kuppaswamy
Partner
M.No.:203307

(Amount in ₹.)

	31.03.2011	31.03.2010
Schedule - A		
Share Capital		
Authorised Capital		
Equity Share Capital		
6,00,00,000 Equity Shares of Rs.10/-each	60,00,00,000	60,00,00,000
Preference Share Capital		
6,00,000 Redeemable Preference Shares of Rs.100/- each	6,00,00,000	6,00,00,000
Total	66,00,00,000	66,00,00,000
Issued Capital		
5,96,40,700 Equity Shares of Rs.10/- each	59,64,07,000	59,64,07,000
Subscribed / Paid up Capital		
5,88,46,400 Equity Shares of Rs.10/- each	58,84,64,000	58,84,64,000
Add : Forfeited Shares	34,03,500	34,03,500
Total	59,18,67,500	59,18,67,500
Schedule - B		
Reserves & Surplus		
Capital Reserve		
Amount received on re-issue of forfeited Shares	40,000	40,000
Credit Balance in Profit and Loss Account	52,67,241	-
Total	53,07,241	40,000
Schedule - C		
LOAN FUNDS		
Secured Loans		
Bills Discounting - (Against Hypothecation of stock and Book Debts)	1,94,65,153	23,04,348
Vehicle Loan - (Against Hypothecation of Vehicle)	10,45,428	18,27,739
Total	2,05,10,581	41,32,087

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

**Schedule - D
Fixed Assets**

(Amount in ₹.)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.2010	Additions	Deletions / Adjustment	As on 31.03.2011	As on 01.04.2010	For the year	Deductions	As on 31.03.2011	As on 31.03.2010
Tangible Assets									
Land	2,78,47,000	-	-	2,78,47,000	-	-	-	2,78,47,000	2,78,47,000
Buildings	6,37,72,863	-	-	6,37,72,863	50,77,296	1,862,994	-	5,68,32,573	5,86,95,567
Computers	13,04,595	35,250	-	13,39,845	8,96,563	95,865	-	3,47,417	4,08,032
Office Equipment	18,71,374	1,73,893	-	20,45,267	3,82,108	90,301	-	15,72,858	14,89,266
Plant & Machinery	19,40,83,444	-	-	19,40,83,444	2,86,09,626	1,02,47,606	-	15,52,26,212	16,54,73,817
Vehicles	58,33,462	-	-	58,33,462	14,99,292	5,08,194	-	38,25,976	43,34,170
Furniture & Fittings	4,39,037	-	-	4,39,037	1,17,630	25,199	-	2,96,208	3,21,407
Total - I	29,51,51,775	2,09,143	-	29,53,60,918	3,65,82,515	1,28,30,159	-	24,59,48,243	25,85,69,259
Intangible Assets									
Intangible Assets Software-	5,00,000	-	-	5,00,000	2,00,000	100,000	-	2,00,000	3,00,000
Intangible Assets - Goodwill	7,53,00,000	-	-	7,53,00,000	6,02,40,000	1,50,60,000	-	-	1,50,60,000
Total - II	7,58,00,000	-	-	7,58,00,000	6,04,40,000	1,51,60,000	-	2,00,000	1,53,60,000
Total I + II	37,09,51,775	2,09,143	-	37,11,60,918	9,70,22,515	2,79,90,159	-	24,61,48,243	27,39,29,260
Previous year	36,84,57,260	28,84,515	3,90,000	37,09,51,775	6,92,13,825	2,78,68,166	59,475	27,39,29,259	29,92,43,435
Capital W.I.P	-	10,09,36,778	-	10,09,36,778	-	-	-	10,09,36,778	-

Schedule - E
A. Investments in Mutual Funds (At Cost)

(Amount in ₹.)

As at		Name of the Scheme	As at	
31.03.2011	31.03.2010		31.03.2011	31.03.2010
No. of Units			Cost	
4,880	-	BARODA PIONEER TREASURY ADVANTAGE - REG - G	53,93,038	-
-	3,16,736	BARODA PIONEER LIQUID FUND - GROWTH	-	50,58,585
2,49,107	-	DWS TREASURY FUND - CASH - GROWTH	25,31,177	-
7,93,000	3,45,472	KOTAK FLOATER LONG TERM - GROWTH	1,23,59,702	50,48,179
7,777	-	RELIANCE MONEY MANAGER FUND - RETAIL - GROWTH	1,04,04,422	-
4,70,249	-	TATA FLOATER FUND - WEEKLY DIVIDEND	47,41,705	-
62,598	-	TEMPLETON FLOATING RATE INCOME FUND LTP - RETAIL	11,21,277	-
6,943	2,374	UTI FLOATING RATE FUND - STP - GROWTH	1,10,77,573	35,62,998
32,082	32,082	FRANKLIN INDIA PRIMA PLUS FUND - DIVIDEND	10,00,000	10,00,000
2,50,000	-	KOTAK FMP 6M - SERIES 10 - GROWTH	25,00,000	-
-	1,28,603	BIRLA SUNLIFE MEDIUM TERM PLAN - RETAIL - GROWTH	-	13,43,961
-	18,716	CANARA ROBECO BALANCE FUND - DIVIDEND	-	10,00,000
-	9,40,168	HDFC CMF SAVINGS PLAN - DIVIDEND REINV	-	1,01,52,604
-	9,49,970	HDFC FLOATING RATE INCOME FUND - STP - WS - GROWTH	-	1,49,00,188
-	1,84,102	LIC MF SAVINGS PLUS FUND-GROWTH	-	26,94,713
-	1,05,717	TEMPLETON INDIA TMA - GROWTH	-	10,57,167
-	4,495	UTI TREASURY ADVANTAGE FUND - INSTL - GROWTH	-	55,59,479
			5,11,28,895	5,13,77,874
		Less : Diminution in value of Investments (Market Value Rs. 509.92 lacs as on 31.03.2011)	1,36,408	2,42,886
		(Market Value Rs. 511.35 lacs as on 31.03.2010)	5,09,92,487	5,11,34,988

The Following Units of Mutual Fund were purchased and redeemed during the financial year

(Amount in ₹.)

As at		Name of the Scheme	As at	
31.03.2011	31.03.2010		31.03.2011	31.03.2010
No. of Units			Cost	
15,87,680	5,06,606	BARODA PIONEER LIQUID FUND - GROWTH	3,12,62,652	80,37,201
1,00,000	-	BARODA PIONEER SHORT TERM BOND FUND-G	10,00,000	-
29,33,511	9,76,632	BARODA PIONEER TREASURY ADVANTAGE FUND - REG	3,64,30,371	1,00,40,443
7,47,869	-	BIRLA SUNLIFE CASH MANAGER - GROWTH	1,74,99,136	-
5,06,470	-	BIRLA SUNLIFE FLOATING RATE FUND-RETAIL-LT-GROWTH	81,36,519	-
2,00,000	-	BIRLA SUNLIFE INTERVAL INCOME FUND QUARTERLY SERIES 1 - GROWTH	20,00,000	-
13,74,133	3,05,415	BIRLA SUNLIFE SAVINGS FUND - RETAIL - G	2,45,09,306	51,08,356
1,64,179	3,14,494	BIRLA SUNLIFE SHORT TERM FUND-GROWTH	27,52,688	50,87,347
64,459	-	CANARA ROBECO TREASURY ADVANTAGE FUND - G	9,93,953	-
2,51,321	-	DWS TREASURY FUND CASH - REG - DAILY DIVIDEND	25,23,036	-
4,66,659	-	DWS TREASURY FUND CASH - REG - GROWTH	50,23,036	-
8,42,387	-	HDFC CASH MANAGEMENT FUND - SAVINGS PLAN - G	1,67,21,631	-

The Following Units of Mutual Fund were Purchased and redeemed during the Financial Year

(Amount in ₹.)

As at		Name of the Scheme	As at	
31.03.2011	31.03.2010		31.03.2011	31.03.2010
No. of Units			Cost	
28,52,221	13,46,154	HDFC CASH MGT FUND - TREASURY ADVANTAGE - WS - G	5,86,07,487	2,67,46,590
12,43,493	-	HDFC FLOATING RATE INCOME FUND - STP - WS - DIV REINV	1,25,35,532	-
49,66,489	22,41,264	HDFC FLOATING RATE INCOME FUND - STP - WS- G	8,00,10,858	3,42,56,630
2,00,000	-	HDFC FMP 35 D - AUGUST 2010 - DIVIDEND	20,00,000	-
-	1,16,591	HDFC HIGH INTEREST FUND-GROWTH	-	20,23,174
-	1,45,937	HDFC SHORT TERM PLAN - REG - G	-	25,00,000
2,50,000	-	IDFC FMP - QUARTERLY SERIES 60 - GROWTH	25,00,000	-
-	4,93,773	KOTAK FLEXI DEBT SCHEME - REG - GROWTH	-	70,39,221
34,24,498	-	KOTAK FLEXI DEBT SCHEME INSTL - GROWTH	4,14,17,460	-
20,17,113	4,84,788	KOTAK FLOATER LONG TERM - GROWTH	3,02,66,608	70,17,306
2,50,000	-	KOTAK QUARTERLY INERVAL PLAN-SERIES 4-DIVIDEND	25,00,000	-
2,07,079	-	KOTAK QUARTERLY INERVAL PLAN-SERIES 4-GROWTH	25,00,000	-
2,18,790	-	KOTAK QUARTERLY INERVAL PLAN-SERIES 8-GROWTH	25,00,000	-
5,34,413	9,36,767	LIC MF FLOATING RATE FUND-STP-GROWTH	81,88,794	1,37,91,254
5,52,330	7,83,153	LIC MF SAVINGS PLUS FUND-GROWTH	82,25,615	1,12,22,240
1,66,770	-	PRINCIPAL FLOATING RATE FMP-GROWTH	25,00,000	-
2,50,317	-	PRINCIPAL PNBFIXED MATURITYPLAN 91DAYS-SERIES XXVOCT10-REG GROWTH PLAN	25,03,169	-
4,048	-	RELIANCE MONEY MANAGER FUND - REG - DIV	40,52,148	-
3,091	-	RELIANCE MONEY MANAGER FUND - REG - GROWTH	40,31,042	-
4,01,101	-	RELIANCE MONTHLY INTERVAL FUND-SERIES 1-RETAIL-DIVIDEND	40,12,169	-
1,55,155	-	RELIANCE MONTHLY INTERVAL FUND-SERIES 1-RETAIL-GROWTH	20,00,160	-
30,42,556	-	RELIANCE MONTHLY INTERVAL FUND-SERIES 2-INSTL-DIVIDEND	3,04,29,024	-
31,57,026	-	RELIANCE MONTHLY INTERVAL FUND-SERIES 2-INSTL-GROWTH	4,05,29,998	-
7,09,751	-	TATA FIXED INCOME PORTFOLIO FUND-SCHEME A2-DIVIDEND	76,17,938	-
3,61,913	-	TATA FIXED INCOME PORTFOLIO FUND-SCHEME A3-DIVIDEND	36,89,906	-
1,61,862	-	TATA FIXED INCOME PORTFOLIO FUND-SCHEME A3-GROWTH	18,17,129	-
3,23,399	-	TATA FLOATER FUND - GROWTH	47,16,267	-
1,99,029	-	TEMPLETON INDIA FLOATING RATE FUND-DIVIDEND REINV	21,45,955	-
3,75,942	3,08,026	TEMPLETON INDIA FLOATING RATE INCOME FUND LTP-R-G	64,77,379	50,92,522
-	466	TEMPLETON INDIA TMA - GROWTH	-	10,53,031
1,866	907	TEMPLETON INDIA TREASURY MGT ACCOUNT - INST - G	43,66,586	20,14,548
13,60,886	-	UTI FIXED INCOME INTERVAL FUND - MIP I - GROWTH	1,70,43,246	-
1,53,864	-	UTI FIXED INCOME INTERVAL FUND-MIP II-DIVIDEND REINV	15,38,637	-
5,23,702	-	UTI FIXED INCOME INTERVAL FUND-MIP II-GROWTH	60,84,728	-
11,36,892	-	UTI FIXED INCOME INTERVAL FUND-MIPSERIES I-DIVIDEND REINV	1,13,69,094	-
2,68,766	-	UTIFIXED INCOME INTERVAL FUND-QTRLY INTERVAL FUND-SERIES 1-GROWTH	35,00,000	-
28,907	23,520	UTI FLOATING RATE FUND-STP -GROWTH	4,49,67,249	3,43,76,644
31,463	13,484	UTI TREASURY ADVANTAGE FUND - INSTL - GROWTH	3,96,03,844	1,65,52,039
			64,51,00,351	19,19,58,545

Schedule - F

(Amount in ₹.)

Current Assets

	31.03.2011	31.03.2010
a) Inventories		
Stocks of (at lower of cost and net realisable value)		
Consumable Stores	55,66,218	40,74,806
Finished Goods	2,81,94,872	2,37,41,423
Raw Materials	4,26,12,132	2,06,56,530
Packing Materials	5,98,565	3,88,622
Total	7,69,71,787	4,88,61,381
b) Sundry Debtors		
Unsecured, Considered Goods		
More than six months	4,26,809	5,71,882
Others	10,59,16,549	8,18,37,593
Total	10,63,43,358	8,24,09,475
c) Cash & Bank Balances		
Cash on hand	40,846	33,045
Balance with Banks		
On Current Account	3,40,86,166	4,05,90,737
On Deposit Account (Including Accrued Interest) (Of the above Rs.81.74 Lacs(Previous Year Rs.94.46 lacs) is under lien for Bank Guarantee)	1,12,47,070	1,16,01,342
Total	4,53,74,082	5,22,25,124
d) Loans and Advances		
(Unsecured and considered good)		
a. Advances recoverable (in cash/kind/for value to be received)	11,73,60,875	10,92,71,300
b. Advance to Suppliers	1,48,06,161	3,11,41,674
c. Advance Income tax & tax deducted at source and net of provision for Tax (Provision for Tax Rs. 359.62 lacs as on 31-03-2011 and Rs. 182.17 lacs as on 31-03-2010)	390,186	9,79,342
d. Minimum Alternative Tax (MAT) Entitlement	96,20,798	-
e. Deposits	75,74,285	68,34,731
f. Balances with Statutory Authorities (i) With Customs and Central Excise Authorities	1,20,08,151	73,27,218
Total	16,17,60,456	15,55,54,265
e) Other Current Assets	1,28,71,810	2,52,10,962
Total Current Assets	40,33,21,493	36,42,61,207

		(Amount in ₹.)	
Schedule - G		31.03.2011	31.03.2010
Current Liabilities & Provisions			
a) Liabilities			
Sundry Creditors		9,55,13,546	8,62,85,765
Advance from Customers		82,73,668	76,68,669
Other Current Liabilities		2,11,90,909	1,66,59,362
	Total	12,49,78,123	11,06,13,797
b) Provisions			
Interim Dividend		2,94,23,200	-
Dividend Tax on Interim Dividend		47,73,180	-
Gratuity		6,66,249	4,58,120
Other Staff Benefits (EL & Superannuation)		3,98,042	2,23,855
	Total	3,52,60,671	6,81,975
SCHEDULE: H			
Sales			
Polybutene		115,50,55,205	90,38,41,837
LPG		40,83,26,784	29,13,32,954
Others		3,23,25,712	2,28,16,163
	Total	159,57,07,701	121,79,90,954
SCHEDULE: I			
OTHER INCOME			
Miscellaneous Income		89,00,000	55,39,032
Interest Income		11,56,638	13,70,938
{Tax Deducted at Source: Rs.1,65,357 (Prev. Year: Rs.1,37,699)}			
Dividend Income		7,19,236	4,76,107
Profit on Sale of Investments		33,44,129	13,29,961
Provision written Back for Diminution in value of Investments		1,06,478	1,70,610
	Total	1,42,26,481	88,86,648
SCHEDULE: J			
INCREASE / (DECREASE) IN STOCK			
Opening Stock		2,37,41,423	2,49,08,740
Closing Stock		2,81,94,872	2,37,41,423
	Net	44,53,449	(11,67,317)
SCHEDULE: K			
Material Cost			
Raw Materials - consumed		98,28,35,199	73,14,56,872
Chemicals Catalysts Stores -Indigenous		1,43,61,770	1,69,38,857
Packing Expenses Others		1,98,53,825	90,39,703
Inward Freight and Transport - Others		-	13,272
Inward Freight and Transport - Raw Materials		10,04,07,368	7,81,13,272
	Total	111,74,58,162	83,55,61,976

(Amount in ₹.)

	31.03.2011	31.03.2010
SCHEDULE: L		
Employee Cost		
Salaries, Wages & Bonus	3,05,15,242	2,81,34,276
Contribution to Provident and other funds	26,75,354	19,58,376
Employees Welfare Expenses	35,39,724	30,92,527
Total	3,67,30,320	3,31,85,179
SCHEDULE: M		
Manufacturing & Other Expenses		
Power & Fuel	12,72,20,081	9,82,71,066
Freight and Transport	2,38,96,479	1,72,34,036
Rent	32,57,726	32,34,704
Rates & Taxes	9,05,303	23,72,968
Repairs & Maintenance - P&M	1,09,65,170	90,86,027
Repairs & Maintenance - Buildings	1,79,83,253	1,26,90,100
Repairs & Maintenance - Others	37,32,560	26,96,011
Travelling - Foreign	96,27,256	31,46,735
- Travelling & Conveyance	57,59,089	53,43,041
Insurance	24,21,429	19,11,723
Sitting Fee to Directors	1,96,000	2,00,000
Auditors' Remuneration	2,26,115	2,26,115
Professional & Consultancy charges	20,70,378	34,21,614
Administrative Expenses	57,42,977	74,36,975
Loss on Sale of Shares / Equity Mutual Fund	3,556	-
Selling & Distribution Expenses	71,34,614	48,09,694
Loss on Sale Assets	-	2,20,526
Exchange Fluctuation Loss	-	26,60,372
Total	22,11,41,986	17,49,61,706
SCHEDULE: N		
Interest & Finance Charges		
Bank Charges	20,90,720	7,13,722
Discounting Charges - Export Bills	26,09,262	7,84,194
Interest	1,46,492	15,52,280
Total	48,46,474	30,50,196
SCHEDULE: O		
Tax Expenses		
Provision for Current Taxation	2,41,45,000	1,04,74,000
Deferred Tax Liability	1,02,37,397	1,32,37,488
	3,43,82,397	2,37,11,488
Less: MAT Credit Adjustments	1,60,11,285	-
Total	1,83,71,112	2,37,11,488

SCHEDULE - P**A. Significant Accounting Policies****1. Basis of Preparation of Financial Statements**

The accounts are prepared as per the historical cost convention in accordance with the mandatory applicable Accounting Standards.

2. Fixed Assets & Depreciation

- a) Fixed assets are recorded at cost net of Modvat/ Cenvat credit wherever applicable. Costs include all expenses incurred in bringing the asset to its present location & condition.
- b) Depreciation on Fixed assets is provided at Straight Line Method in accordance with Schedule XIV of the Companies Act, 1956. Assets costing less than Rs.5,000/-are fully depreciated in the year of addition.

3. Investments

Current Investments are stated at lower of cost and fair value by category of investment. Long term investments are stated at cost and diminution in value provided for only if it is permanent.

4. Inventories

- (a) Raw Materials and Stores and Spares are valued at weighted average cost.
- (b) Finished Stocks are valued at cost (including applicable overheads and excise duty) or net realizable values whichever is lower.
- (c) Modvat / Cenvat / Service Tax credits on materials are availed on purchases and utilized for payment of excise duty on goods manufactured and the unutilized credit is carried forward in the books.

5. Revenue Recognition

- (a) All revenues are accounted on accrual basis
- (b) Sales inclusive of Excise Duty are net of discounts and Sales Tax.

6. Retirement benefit plans**Defined contribution plans**

The Company makes Provident Fund and Superannuation contributions to defined contribution retirement benefit plans for qualifying employees. Under the Provident Fund Scheme, the Company contributes a specified percentage of payroll cost to the fund maintained by The Regional Provident Fund Commissioner. Under the Superannuation scheme the company is required to contribute a specified percentage of payroll cost to Underwriters to enable them to make the settlement to the qualifying employees. Leave encashment benefit for all employees is in the nature of short term compensated absence and is accounted on accrual basis.

Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of Insurance Company, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment.

7. Research and Development

Research and Development expenditure, other than capital, as and when incurred are charged to revenue.

8. Foreign Currency Transaction

Transactions in foreign exchange are initially recognized at the rates prevailing on the date of transaction. All monetary assets and liabilities are restated at balance sheet date using year end rates. Resultant exchange difference is recognized as income or expense in that period.

9. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired, after considering adjustment if any already carried out.

10. Provision of Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligation / event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

11. Earnings Per Share

The earnings considered in ascertaining earnings per share comprises of the net profit after tax before exceptional items. The number of shares used in computing earnings per share is the weighted average number of shares outstanding during the year. Diluted earning per share comprises of weighted average share considered for deriving basic earnings per share as well as dilutively potential equity shares.

12. Taxes on Income

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current income tax is provided on the taxable income for the period as per Income tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

B. NOTES ON ACCOUNTS

1. Segment Reporting

The company has only one business segment viz. Manufacture of Polyisobutene.

The secondary reportable geographical segment will be sales to external customers located In India and rest of the world.

(₹in Lacs)

Location of Customers	2010-11	2009-10
India	11,040.61	8,646.06
Rest of the World	3,745.19	2,635.46

2. Acknowledgement of balances

The Company has obtained confirmation of balances from all the banks and has sent communication seeking confirmation of balances to Debtors and Creditors and replies have been received in a few cases.

3. Related Party Transactions

As per Accounting Standard - 18 (AS-18) Issued by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

Sl. No.	Description of Related Party	Name of Related Party
a.	Promoter Company	Kothari Sugars & Chemicals Ltd.
b.	Key Management Personnel	Mr.B.H.Kothari
c.	Entities having significant influence	(i) Kothari Safe Deposit Limited (ii) Century Foods Pvt. Limited (iii) Parvathi Trading & Finance Co Pvt. Limited

The related party transactions and balances are summarized below:

(₹in Lacs)

Particulars	Promoters Company		Associate Company		Balance	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Advances Taken	NIL	38.94	NIL	NIL	NIL	NIL
Advance given	NIL	109.68	NIL	NIL	NIL	NIL
Rent	NIL	NIL	8.60	8.60	NIL	NIL
Sale of Scrap / PIB	NIL	1.48	NIL	NIL	NIL	NIL
Expenses Reimbursed	60.98	62.26	NIL	NIL	NIL	NIL
Locker Rent	NIL	NIL	0.07	0.06	NIL	NIL
Deposit	NIL	NIL	NIL	NIL	0.13	0.13

4. Taxes on Income

Deferred Tax Liability (Net) as on 31.03.2011 comprise of:

(Amount in ₹)

Particulars	31.03.2011	31.03.2010
Deferred Tax Asset	7,30,058	83,96,269
Less: Deferred Tax Liability	2,42,04,943	2,16,33,757
Net Deferred Tax Liability / (Asset)	2,34,74,885	1,32,37,488

5. Contingent Liabilities

a. Estimated amount of Contracts remaining to be executed on Capital account & not provided for amount to ₹.925 Lacs (₹.Nil)

b. Bank guarantees ₹.318 lacs (Previous year ₹.318 lacs)

c. Excise demand under appeal ₹.110.38 Lacs (Previous Year ₹.82.08 lacs.)

6. The company has not received information from vendors regarding their status under Micro Small and Medium Enterprises Act 2006, the disclosures relating to amounts unpaid as at the year end together with interest payable / paid under this Act have not been given.

7. Quantitative information in respect of goods manufactured
(a) Annual installed Capacity as certified by the Management

Product	Unit	31.03.2011	31.03.2010
Polyisobutene	MT	22,000	22,000

(b) Actual Production

Product	Unit	31.03.2011	31.03.2010
Polyisobutene	MT	14,412.51	13,197.75

(c) Raw Materials Consumed:

(₹ in Lacs)

Item	31.03.2011		31.03.2010	
	Quantity (MT)	Value	Quantity (MT)	Value
C4 Feed Stock	16,277.61	9,829.61	15,167.38	7,314.57
Others	-	1,343.71	-	1,041.05
Total	16,277.61	11,173.32	15,167.38	8,355.62
Of the above Import		0.21%		0.00%
Total		100.00%		100.00%

(d) Finished Goods – Polybutene

Item	2010-2011		2009-2010	
	Quantity MT	Value ₹. in Lacs	Quantity MT	Value ₹. in Lacs
Opening Stock	410.57		399.07	
Production	14,412.51		13,197.75	
Sales	14,401.78	11,550.55	13,186.25	9,038.42
Closing Stock	421.30		410.57	

(e) Sales

Item	2010-2011		2009-2010	
	Quantity MT	Value ₹. in Lacs	Quantity MT	Value ₹. in Lacs
Polybutene	14,101.78	11,550.55	13,186.25	9,038.42
LPG	9,511.31	4,083.27	7,985.45	2,913.33
Others	1,030.38	323.26	1,136.71	228.16
Total		15,957.08		12,179.91

8. Excise Duty related to the difference between the closing stock and opening stock has been included in Administrative Expenses which is shown in the Schedule-M

9. Earnings in Foreign Currency Realised During The Year

(₹ in Lakhs)

Particulars	2010-11	2009-10
Export on Sales	3,608.90	2,442.25

10. Expenditure incurred in foreign currency on account of: -

(₹in Lakhs)

Particulars	31.03.2011	31.03.2010
Travelling	53.92	15.47
Professional charges	24.01	18.37
Subscriptions	0.57	0.70

11. CIF Value of Imports

(₹ in Lakhs)

Particulars	31.03.2011	31.03.2010
a) Raw Materials	28.92	-
b) Capital Goods	14.14	-

12. Auditors' Remuneration:

(Amount in ₹)

Particulars	2010-11	2009-10
Statutory Audit	82,725	82,725
Other Services	1,32,360	1,32,360
Tax Audit Fees	11,030	11,030
Total	2,26,115	2,26,115

13. The Goodwill of Rs.753 lakhs arising out of the merger effective from 1st April 2006 of PTPL with the company is being amortized over a period of five years with effect from 1st April 2006 in equal installments. During the Year Rs.150.60 lakhs was amortized being fifth and last year.
14. No provision is considered necessary towards Urban Land Tax for the land in which Manali factory is situated pending disposal of a court case filed by the erstwhile owners and completion of the Process for registration of land.

15. Sitting Fees Paid to Managing Director

(Amount in ₹)

Particulars	31.03.2011	31.03.2010
Sitting Fees	25,000	25,000

16. Employee benefits.

Liability to existing employees of the company in respect of gratuity is covered under a common insurance policy in favour of Kothari sugars & chemicals gratuity trust. The cumulative liability of the employees is actuarially valued by the trust under projected unit credit method. The net defined benefit is recognized in the financial statement as a cost equal to their contribution payable estimated. The actuarially valued liability for employees of the participating enterprises of the trust is estimated enterprise wise. The investments available with the underwriter are adjusted in proportion to the liability. The balance amount is provided for in the books of the Company.

17. Previous year figures have been regrouped and rearranged wherever necessary to Confirm to the classification for the year.

For and on behalf of the Board

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

for **R.Subramanian and Company**
Chartered Accountants
Firm No.004137S

Place : Chennai
Date : July 29, 2011

S. Sundaramurthy
Company Secretary

N.R. Kuppaswamy
Partner
M.No.:203307

Information pursuant to Part IV of Schedule VI of the Companies Act 1956

I. Registration Details

Registration No.	1	8	-	1	7	3	4	7
Balance Sheet Date	31.03.2011							

State Code	1	8
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II. Capital Raised During the year (Amount in Rs. thousands)

Public Issue	NIL
Bonus Issue	NIL

Right Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	641160
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Total Assets	641160
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Sources of Funds

Paid-Up Capital	591868
Secured Loans	20510

Reserves & Surplus	5307
Unsecured Loans	-
Deferred Tax Liability	23475

Application of Funds

Net Fixed Assets	347085
Net Current Assets	243083
Accumulated Losses	-

Investments	50992
Misc. Expenditure	NIL

IV. Performance of Company (Amount in Rs.thousands)

Turnover & Other Income	1492796
Profit/(Loss) before Tax	89082
Earnings/Share in Rs.	1.20

Total Expenditure	1403714
Profit/(Loss) After Tax	70711
Dividend Rate %	5%

V. Generic names of Three Principal Products/Services of Company

Product description	ITC Code
Poly Isobutene	39220

For and on behalf of the Board

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

S. Sundaramurthy
Company Secretary

Place : Chennai
Date : July 29, 2011



KOTHARI PETROCHEMICALS LIMITED

Regd.Office: "Kothari Buildings", 115, Mahatma Gandhi Salai, Chennai - 600 034

PROXY FORM

Folio No.:

* Client ID No.:

(* in case of dematerialized shares)

I / We ofin the district of being a member(s) of the above named company, hereby appoint Mr./ Ms.of in the district of or failing in / him / her Mr. / Ms. ofin the district of as my / our proxy to attend and vote for me / us on my / our behalf at the 22nd Annual General Meeting of the Company to be held on Wednesday, the 07th September 2011, at 10.30 A.M. at "Rani Seethai Hall" No.603, Anna Salai, Chennai - 600 006 and at any adjournment thereof.

Signed this day of 2011

No. of Shares held

The Companies Act 1956, lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting. The Proxy need not be a Member of the Company.

Affix
Re. 1/-
Revenue
Stamp

Signature



KOTHARI PETROCHEMICALS LIMITED

Regd.Office: "Kothari Buildings", 115, Mahatma Gandhi Salai, Chennai - 600 034.

ATTENDANCE SLIP

REQUEST TO MEMBERS

Folio / Client ID No. :

Name of the
Attending Member

Name of the Proxy*
* (If Proxy attends instead of member)

I here by record my presence at the 22nd Annual General Meeting

Venue : "Rani Seethai Hall"
No.603, Anna Salai,
Chennai - 600 006

Day & Date : Wednesday, 07th September, 2011.

Time : 10.30 A.M.

1. Shareholders and their proxies should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to bring their copies of the Annual Report to the Meeting as the Company is unable to provide another copy in view of the increased cost of paper.
3. Members are requested to be in their seats at the Meeting Hall before the scheduled time for commencement of the Annual General Meeting to avoid interruption in the proceedings.
4. Members intending to appoint Proxies are requested to complete the Proxy Form sent herewith and deposit the same at the Registered Office of the Company 48 hours before the time fixed for holding the Meeting.
5. If you and/or your family members are receiving more than one copy of the Annual Report and other communication and would like to avoid duplication, kindly advice us to mail only one copy. This will help us to avoid wastage.

Note : Please ensure that your Folio/Client ID Number is duly mentioned in this form.

Signature of Shareholder/Proxy

Book - Post



If undelivered, please return to :

KOTHARI PETROCHEMICALS LIMITED

Regd. Office. "Kothari Buildings",
No. 115, Mahatma Gandhi Salai,
Nungambakkam, Chennai - 600 034