



*Kothari Petrochemicals
Limited*

26th Annual Report
2014 - 15



Bhadrashyam H Kothari

11.11.1961 - 22.02.2015



*With fond memories of our Dearest Chairman
You will always inspire and guide us.*

CORPORATE INFORMATION

Board of Directors	:	Nina B. Kothari - Chairperson (w.e.f. 08.04.2015) Arjun B. Kothari - Managing Director (w.e.f. 08.04.2015) P.N.Devarajan Pranab Kumar Rudra Dr.R.K.Raghavan
Company Secretary	:	S.Sundaramurthy
Chief Financial Officer	:	Cyrus Kallapurackal
Statutory Auditors	:	R.Subramanian and Company Chartered Accountants No.6, Krishnaswamy Avenue, Luz, Mylapore, Chennai - 600 004
Internal Auditors	:	K.R.Sarangapani & Co. Chartered Accountants, No.28/1, Anjuham Nagar, 1 st Street, Jafferkhanpet, Chennai - 600 083
Cost Auditors	:	P.Rajulyer, M.Pandurangan & Associates No.42, Sundar Regency, 3rd Street, Choolaimedu, Chennai - 600 094.
Secretarial Auditor	:	V.Vasumathy, Company Secretary in Practice No.10/23, Vinayagam Street, R.A. Puram, Chennai - 600 028.
Legal Advisors	:	S.Ramasubramaniam and Associates Advocates, No.6/1, Bishop Wallers Avenue (West) Mylapore, Chennai - 600 004
Registered Office	:	"Kothari Buildings" No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034 Phone No.044 -30225616 / 30225507 / Fax No.044 -28334560 e-mail: secdept@hckgroup.com website: www.kotharipetrochemicals.com
Registrar & Share Transfer Agent	:	Cameo Corporate Services Limited Subramanian Building, 5th 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)
Stock Code	:	KOTHARIPET
ISIN	:	INE720A01015
CIN	:	L11101TN1989PLC017347
Manufacturing Unit	:	No. 1/2-B, 33/5, Sathangadu Village, Tiruvottur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone: 044 - 2594 1308 / 1309

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Financial Highlights

₹. in Lacs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
PROFITABILITY ITEMS					
Gross Income	16,099.34	17,565.58	26,152.05	37,055.05	30,998.25
Gross Profit (PBDIT)	1,219.38	945.20	1,117.29	1,519.77	2,138.64
Profit After Tax	707.11	428.79	520.56	790.64	1,130.49
BALANCE SHEET ITEMS					
Net Fixed Assets	3,470.85	5,999.13	4,844.38	5,278.18	5,380.37
Investments	509.93	109.50	317.85	1,093.23	1,194.60
Net Current Assets	2,666.32	863.13	1,592.58	856.05	927.01
Total Capital Employed	6,237.28	7,094.42	6,457.75	6,611.61	6,946.23
Shareholders' Funds	5,971.75	6,058.58	6,062.78	6,164.95	6,459.25
RATIOS					
Book Value Per Share (₹)	10.15	10.30	10.30	10.40	10.98
EPS (₹)	1.20	0.73	0.88	1.34	1.92
Return on Investment	11.84%	7.08%	8.59%	12.82%	17.50%
Current Ratio	2.50	1.40	1.50	1.19	1.19
Dividend %	5%	5%	7.5%	10%	10%

NOTICE TO THE MEMBERS

Notice is hereby given that the 26th Annual General Meeting of Kothari Petrochemicals Limited will be held on Monday, 10th August 2015 at 10.15 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a) The Audited financial statements of the Company for the financial year ended March 31, 2015, the Reports of the Board of Directors and Auditors and
 - b) The Audited consolidated financial statements of the Company for the financial year ended March 31, 2015.
2. To declare Dividend on equity shares for the year ended March 31, 2015.
3. To appoint a Director in the place of Mrs.Nina B Kothari, (DIN 00020119) who retires by rotation and being eligible offers herself for re-appointment.

4. Appointment of Auditors

To consider and if thought fit to pass with or without modification(s), 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 the remuneration to be fixed by the Board of Directors”.

Special Business:**5. Appointment of Mr.Arjun B Kothari as Director**

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

“**Resolved** that Mr.Arjun B Kothari (DIN 07117816), who was appointed as an Additional Director of the Company with effect from April 08, 2015 by the Board of Directors at its meeting held on April 08, 2015 as recommended by the Nomination and Remuneration Committee, in terms of Article 133 of the Company and Section 161 of the Companies Act, 2013 who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation.”

6. Appointment of Mr.Arjun B Kothari as Managing Director and Whole Time Key Managerial Person

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

“**Resolved** that pursuant to the provisions of Sections 164, 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to Central Government approvals, approval of the members of the company be and is hereby accorded to the appointment of Mr. Arjun B Kothari (DIN 07117816) as the Managing Director of the company for a period of five years with effect from 08th April 2015 upon the terms and conditions including remuneration as set out in this Resolution and the Explanatory Statement and sanctioned with authority to the Board of Directors of the Company to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit and as may be acceptable to Mr. Arjun B Kothari, but subject to complying applicable provisions of law at that point of time and whose directorship is liable to retirement by rotation.

(a) Salary:

Rs.3,50,000/- (Rupees Three Lakhs Fifty Thousand Only) per month.

NOTICE TO THE MEMBERS

(b) Perquisites:

- i) Perquisites like use of car with driver, personal accident insurance, medical insurance, leave travel concession and other benefits as provided to the other Senior Executives of the Company, will be provided in accordance with the rules of the Company and the same will be evaluated as per Income Tax Rules, wherever applicable and in other cases at actual cost to the company.
- ii) Leave Encashment as per the Company's policy from time to time.

(c) Use of telephone at residence and mobile phone for Company's purpose, which will not be treated as Perquisite.

(d) Contribution to funds:

Company's contribution to Provident Fund and Super Annuation Fund to the extent these singly or put together are not taxable under the Income Tax Act and Gratuity at the rate not exceeding 15 days salary for every completed year of service".

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year during the currency of the tenure of the Managing Director, the above remuneration [consisting of Salary as per (a) and Perquisites as per (b) (ii), (c) and (d) above] shall be treated as minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 or such other limit as may be prescribed by the Central Government from time to time shall be paid to him."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution."

7. Approval of Remuneration to Cost Auditor

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

"Resolved that subject to the provisions of Section 148 of the Companies Act, 2013, and Companies (Audit & Auditors) Rules 2014, approval of the members of the Company be and is hereby accorded for the payment of a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imbursalment of out of pocket expenses to Mr.M.Pandurangan of M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant in practice for conducting the audit of cost records for the Poly Iso Butene (PIB) unit of the Company for the year 2015-2016.

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

Place: Chennai
Date: 28th May, 2015

S.Sundaramurthy
Company Secretary

NOTICE TO THE MEMBERS
Important Notes

- a) **The Register of Members and Share Transfer books will remain closed from Tuesday, the 04th August, 2015 to Monday, 10th August, 2015 (both days inclusive) for Annual Closing and determining the entitlement of the Shareholders to the Final Dividend for the year 2014-15.**
- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- c) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
- d) A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- e) The instrument appointing a Proxy should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting i.e. by 10.15 a.m. on Monday, 10th August 2015. A Proxy form is sent herewith. The Proxy shall not be entitled to vote except on a poll.
- f) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
- g) **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.**
- h) The Dividend would be paid at a rate of Re.1/- (Rupee One Only) per Equity Share of Rs.10/- each by not later than 09th September, 2015 to those shareholders whose names stand on the Register of Members on Monday, 03rd August, 2015. Despatch of Dividend warrants would commence on 27th August, 2015 and the ECS credit would be done by 28th August 2015.
- i) Members who have not encashed their dividend warrants pertaining to the financial years 2010-11, 2011-12, 2012-13 and 2013-14 are advised to write to the Company / RTA immediately claiming the dividends declared by the Company. The details of unpaid dividends that are due for transfer to IEPF are detailed below:

Nature of Dividend	Financial Year	Date of Payment of Dividend	Due Date for transferring to IEPF on
Interim Dividend	2010-11	09.06.2011	08.06.2018
Final Dividend	2011-12	18.10.2012	17.10.2019
Final Dividend	2012-13	04.10.2013	03.10.2020
Final Dividend	2013-14	01.10.2014	30.09.2021

- j) The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information of the Unclaimed Dividends in respect of the financial years 2010-11, 2011-12 and 2012-13, as on the date of the 25th Annual General Meeting (AGM) held on 02nd September, 2014, on the website of the IEPF viz. www.iepf.gov.in and also in the Company's website www.kotharipetrochemicals.com under "Investors Section"
- k) Members holding shares in Dematerialized form are requested to intimate immediately 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 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 viz. M/s. Cameo Corporate Services Limited.

NOTICE TO THE MEMBERS

- l) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.

Important Note: The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies towards service of notice / documents including Annual Report can be sent through email to its members. To support this green initiative, 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 elsewhere in this Annual Report. Kindly ensure to update your fresh Email ID with the Depository / M/s. Cameo, if you have changed the same.

- m) The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.
- n) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.
- o) The shareholders are expected to send their queries on annual accounts / other reports of Annual Report to the Company in the email id secdept@hckgroup.com, atleast 3 days before the date of meeting, so that the requisite information/explanations can be provided on time.**
- p) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made thereunder the Members holding shares in single name may, at any time, nominate in form SH-13, any person as his/her nominee to whom the securities shall vest in the event of his/her death. Nomination would help the nominees to get the shares transmitted in their favour without any hassles. Members desirous of making any cancellation/variation in the said nomination can do so in from SH-14. The nomination forms can be downloaded from the Company's website www.kotharipetrochemicals.com.
- q) Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting is appended below.
- r) Electronic copy of the Notice and Annual Report of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 26th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are sent in the permitted mode.
- s) Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website www.kotharipetrochemicals.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secdept@hckgroup.com.

Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Rule 21 of the Companies (Management and Administration) Rules, 2014 and the provisions of Clause 35B of the Listing Agreement entered into with the Stock Exchange, the Company shall provide members facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

NOTICE TO THE MEMBERS

The instructions for members for voting electronically (remote e-voting) are as under:

In case of members receiving e-mail:

- i) Log on to the e-voting website www.evotingindia.com.
- ii) Click on "Shareholders" tab to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number - "EVSN" of "Kothari Petrochemicals Limited" from the drop down menu and click on "SUBMIT".

iv) Now Enter your User ID:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company

Then enter the Captcha Code as displayed and Click and Login

- v) If you are holding shares in Demat Form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below:
- vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric*PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both Demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/RTA/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name of the CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details filed.

To avoid this problem of filling a default number in future, members are strongly advised to update their PAN details and dividend bank details immediately with the Depository Participants / RTA - Cameo Corporate Services Limited / Company.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the Demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) Click on the relevant EVSN on which you choose to vote.
- x) On the voting page, you will see Resolution description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

NOTICE TO THE MEMBERS

- xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xii) After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xv) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorize to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution/Authorization to the email id of scrutinizer (kpl.scrutinizer@gmail.com) and RTA (murali@cameoindia.com) with a copy marked to helpdesk.evoting@cdslindia.com.
- xvi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333.
- xvii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.

In case of members receiving the **physical copy of Notice of AGM** [for members whose e-mail IDs are not registered with the company / depository participant(s) or requesting physical copy]:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.

Voting at AGM:

- i) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

General

- a) The remote e-voting period commences on Thursday, 06th August, 2015 at 9.00 A.M. and ends on Sunday, 09th August, 2015 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Monday, 03rd August, 2015 may cast their vote electronically. The remote e-voting module shall be blocked by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b) Any person, who acquires shares of the Company and becomes member of the Company after despatch of the notice and holding shares on the cut-off date i.e. Monday, 03rd August, 2015 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- c) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date (i.e. Monday, 03rd August, 2015) only shall be entitled to vote.
- d) The voting rights of a shareholder shall be in proportion to his shares in the paid up equity share capital of the Company as on the cut-off date of i.e. Monday, 03rd August, 2015.
- e) Mr.N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.
- f) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days after the conclusion of the AGM, a consolidated scrutiniser’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- g) The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.kotharipetrochemicals.com and website of CDSL <http://www.evotingindia.com> and also forward the same to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company’s shares are listed.

NOTICE TO THE MEMBERS**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No.5 & 6**

As recommended by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 08, 2015 appointed Mr.Arjun B Kothari as an Additional Director of the company to hold office from April 08, 2015. Mr.Arjun B Kothari holds office upto the date of this Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mr.Arjun B Kothari as a candidate for the office of Director of the Company.

Due to the sudden demise of Shri B.H.Kothari, Chairman and Managing Director (Key Managerial Person) of Kothari Petrochemicals Limited (KPL) on 22.02.2015, the vacancy of Key Managerial Personnel has to be filled within 6 months from the date of such vacancy pursuant to Section 203 of the Companies Act, 2013.

As a part of succession planning, the Nomination and Remuneration Committee has unanimously accepted the nomination of Mr.Arjun B Kothari, son of Shri B.H.Kothari and appointed him as the Managing Director and Whole Time Key Managerial Person (KMP) with remuneration, and the same was approved by the Board of Directors at its Meeting held on 08.04.2015 subject to Shareholders and Central Government Approval.

Mr.Arjun B Kothari, son of Late Shri B H Kothari aged about 23 years, has a Bachelor of Science (Education and Social Policy) degree from the Northwestern University, Evanston, Illinois, United States of America and Global Health & European Politics from Paris Institute of Political Studies, Paris, France. He worked in General Electric Company, USA as a Senior Specialist in the Management Development Rotation Program. He has also held various positions during his studies in USA which includes off-campus senator at Northwestern University, Evanston, USA and Research Assistant at Kellogg School of Management at Northwestern University, Evanston, USA.

Since Mr.Arjun B Kothari is a Non-Resident Indian (NRI) during the previous year, to comply with the requirement of Schedule V of the Companies Act, 2013, his appointment as Managing Director will be subject to approval from Central Government and the Board approved to submit the requisite application to Central Government for appointing Mr.Arjun B Kothari as the Managing Director with remuneration for a period of 5 years with effect from April 08, 2015 to March 31, 2020.

The Nomination & Remuneration Committee and the Board are satisfied about his positive attributes, quality and willingness to shoulder the responsibilities and consider him to be a good resource to the company based on his qualification, family and business background.

Except Mr.Arjun B Kothari, being the appointee and Mrs. Nina B Kothari relative of appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No.5 & 6. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.7

The Audit Committee and the Board of Directors of the Company at the meeting held on 28th May, 2015 appointed Mr.M.Pandurangan of M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountants as the Cost Auditor for the Poly Iso Butene (PIB) unit of the Company for the year 2015-2016.

As per the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 the members of the Company should approve / ratify the remuneration of the Cost Auditor.

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out in Item No.7 of the Notice to approve / ratify the remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imbursment of out of pocket expenses to Mr.M.Pandurangan of M/s. P.Rajulyer, M.Pandurangan & Associates, Cost Accountant and as Cost Auditor for the Poly Iso Butene (PIB) unit of the Company for the year 2015-2016 which has been duly approved by the Board of Directors after considering the recommendation made by the Audit Committee of the Company at the meeting held on 28th May, 2015.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No.7.

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

Place: Chennai
Date: 28th May, 2015

S.Sundaramurthy
Company Secretary

NOTICE TO THE MEMBERS

THE INFORMATION IN RESPECT OF ITEM NO. 3, 5 & 6 IN ACCORDANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT FOR CORPORATE GOVERNANCE ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.3	Item No.5 & 6
Name of the Director	Nina B Kothari	Arjun B Kothari
Date of Birth	21.07.1962	11.09.1991
Date of Appointment	27.05.2014	08.04.2015
Qualification	B A (Economics)	Bachelor of Science (Education and Social Policy), Northwestern University, Evanston, Illinois, United States of America & Global Health and European Politics from Paris Institute of Political Studies, Paris, France.
Experience in specific functional areas	She is holding directorship in H.C. Kothari Group of Companies. She held various positions in prestigious institutions as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM. She was the President of International Womens' Association (IWA).	Mr.Arjun B Kothari, is holding directorship in H C Kothari Group of Companies. He also worked in General Electric Corporation, USA as a Senior Specialist in the Management Development Rotation Programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriate workers.
List of other Companies in which Directorship held	a) Kothari Sugars and Chemicals Ltd. b) Kothari Safe Deposits Ltd. c) 13 other Private Companies	a) Kothari Sugars and Chemicals Ltd. b) Kothari Safe Deposits Ltd. c) 12 other Private Companies
Chairman / Member of the Committee of the Board of Director of the Company	Member a) Stakeholders' Relationship Committee b) Nomination and Remuneration Committee c) Investment & Credit Approval Committee Chairperson Corporate Social Responsibility Committee	Member a) Stakeholders' Relationship Committee b) Corporate Social Responsibility Committee Chairman a) Investment & Credit Approval Committee
Chairman / Member of the Committee of the other companies in which he/she is a Director	In Kothari Sugars and Chemicals Limited as Chairperson of (i) Corporate Social Responsibility Committee	(a) In Kothari Sugars and Chemicals Limited: as Member of (i) Stakeholders' Relationship Committee (ii) Corporate Social Responsibility Committee as Chairman of (i) Investment & Credit Approval Committee (b) In Kothari Safe Deposits Limited: as Chairman of (i) Investment Committee (ii) Share Transfer and Shareholders' Grievances Committee
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2015	1,20,100 Equity Shares	Nil

To the Members

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2015.

Financial Summary of the Company

(₹.in Lakhs)

Sl. No.	Particulars	2014 - 2015	2013 - 2014
(i)	Profit/(Loss) before Interest and Depreciation	2,138.64	1,519.77
(ii)	Interest	248.00	124.71
(iii)	Depreciation	254.26	199.21
(iv)	Profit/(Loss) Before Tax	1,636.38	1,195.85
(v)	Tax Adjustments including Deferred Tax	505.89	405.21
(vi)	Profit / (Loss) after Tax	1,130.49	790.64
(vii)	Profit brought forward from previous year	245.87	143.70
(viii)	Profit available for appropriation	1,248.44	934.34
(ix)	Proposed Dividend	588.46	588.46
(x)	Dividend Distribution Tax	119.80	100.01
(xi)	Profit / (Loss) after Appropriation	540.17	245.87

Financials Highlights

The Company's total revenue is Rs. 28,227 Lakhs for the year ended March 31, 2015 as against Rs.33,978 Lakhs for the previous year 2013-14. The decrease in revenue was due to reduction in LPG & Poly Iso Butene (PIB) Sales and its realisations.

Operational Review and State of Affairs:

General Information about the Company, the Board's perception of future of the company considering market competition, production constraints, government policies etc. are highlighted below:

The existing PIB plant was commissioned in 1990 with a production capacity of 5500 TPA. Subsequently the capacity was enhanced to 11000 TPA. Considering the growing demand for PIB, the plant capacity was further expanded to 22000 TPA in 2007. Again, after carrying out an intensive study of the operational philosophy and suitable changes in the plant, the capacity was further increased to 24,000 TPA level since 2014 in terms of KVS 10.

Further studies are being undertaken to explore the possibilities of further enhancement of production from the current level.

Performance

As a result of continuous efforts, your Company's manufacturing plant once again recorded "Accident Free" operation throughout the year 2014-2015. All the personnel in the plant have been undergoing periodical training in their respective areas of operation which are frequently reviewed by the senior officials. The training sessions are conducted as class room as well as in the field.

Your company achieved a production of 18714 MT which translates to a capacity utilisation of 90%. The company achieved total sales of 18681 MT and in particular, production and sales for the month of March 2015 were the highest.

The domestic sale price was better for the year as compared to previous year though the export price was slightly less. However, the overall average price realisation compared favourably than the previous year.

Your company continues to take lot of efforts to improve the quality of the product based on the feed back received from customers which facilitates penetration into new market segments.

In recognition of its commitment to quality and environment, M/s Det Norske Veritas, Netherlands has renewed the following certifications.

- (i) ISO 9001:2008 (Quality Management systems)
- (ii) ISO 14001:2004 (Environment Management System)

DIRECTORS' REPORT

It is significant to mention that your company has been able to re-enter the European Market by securing registration under "REACH" (Registration, Evaluation, Authorisation and Restriction of Chemicals).

Credit Ratings:

- (i) Your company also secured the Credit Rating with an up gradation on the Long Term Rating (Line(s) of Credit - LOC) from ICRA BBB+ to ICRA A- and short term rating from ICRA A2 to ICRA A2+. The ratings are valid till January 31, 2016.
- (ii) The credit rating certificate as required by the Liquefied Petroleum Gas (Regulation of Supply and Distribution), Order 2000 have been renewed by the rating agency ICRA dated December 01, 2014. The rating Committee of ICRA after due consideration of the developments in your Company, has retained the rating as "2" (Satisfactory) valid till November 30, 2016 for selling the LPG.

Prospects:

Due to diminishing demand from the automobile segment, which is the single largest consumer of PIB, there is need to explore possibilities of manufacturing other kind of PIB, which will have a good demand in future.

As of now there is no constraint for the plant in achieving the maximum production capacity as the plant is in good health and the availability of raw material is assured since a long term supply contract has been entered into with the suppliers.

Since Ministry of Petroleum and Natural Gases has notified that all the LPG manufacturers in the private sector should not sell LPG to parallel marketers, there is likelihood of PIB manufacturers losing heavily in the sales realisation of return stream supply to PSU Oil Marketing Companies. Representations have been made to the Government explaining the facts and requesting to exempt all PIB manufacturers from the above order.

Dividend:

The Directors recommend a dividend at the rate (@10%) of Re.1/- per equity Share of Rs.10/- each for the financial year ended March 31, 2015 (last year Re.1/-). If approved by the Members at the ensuing Annual General Meeting to be held on 10th August, 2015, it will be disbursed before 09th September, 2015 to those Members whose names appear in the Company's Register of Members and to those persons whose names appear as Beneficial Owners (as per the details to be furnished by the Depositories in respect of the shares held in dematerialized form) as at the close of business hours on 03.08.2015.

Meetings:

During the year, 05 Board Meetings and 04 Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period as prescribed under the Companies Act, 2013.

Share Capital:

The paid up share capital as on March 31, 2015 was Rs.5,918.68 Lakhs. The company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Directors and Key Managerial Personnel:

Shri B.H.Kothari, Chairman and Managing Director of the Company and Member of various Committees expired on 22.02.2015. The Board of Directors express their deep anguish and recalled the valuable contribution made by Mr. Kothari during his tenure as the Chairman and Managing Director of the Company and conveyed its heartfelt condolence to the family members of Shri B.H. Kothari.

On the unanimous suggestion of the Board, Mrs.Nina B. Kothari was elected as Chairperson of the Board of Directors of the Company w.e.f. 08.04.2015 in the place of Shri.B.H.Kothari, Chairman & Managing Director who expired on 22.02.2015.

The Board of Directors at its meeting held on April 08, 2015 appointed Mr.Arjun B Kothari (DIN 07117816) as an Additional Director of the Company to hold office up to the date of the forthcoming Annual General Meeting of the Company and he is eligible for appointment as Director by the members.

After the demise of Shri B.H.Kothari, Chairman and Managing Director (Key Managerial Person) of the Company, the Board of Directors appointed Mr.Arjun B. Kothari as Managing Director and Whole Time Key Managerial Person of the Company w.e.f. April 08, 2015 subject the approval from the Members and Central Government.

Mrs.Nina B Kothari, (DIN 00020119) Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

DIRECTORS' REPORT

Mrs. Jayalakshmi Ramaswamy, Chief Financial Officer (CFO) of the company resigned w.e.f. 30th November 2014 and Mr. Cyrus Kallapurackal appointed as Chief Financial Officer (CFO) w.e.f. 23rd February 2015.

Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6).

Composition of Audit Committee

The Audit Committee comprised of the following directors for the year ended 31st March 2015:

Sl. No.	Name of Directors	Designation
(a)	Mr.P.N.Devarajan	Chairman (Independent Director)
(b)	Mr.Pranab Kumar Rudra	Member (Independent Director)
(c)	Dr. R.K. Raghavan	Member (Independent Director)

The Board has not rejected any proposal / recommendations of Audit Committee during the year.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Vigil Mechanism:

The Company has a Vigil Mechanism named Whistle Blower Policy to deal with genuine concern raised by the Directors / Employees, if any. The details of the Whistle Blower policy is explained in the Corporate Governance Report and also posted on the Company's website www.kotharipetrochemicals.com

Prevention of Insider Trading:

The Company has adopted a Code for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

Director's Responsibility Statement:

In terms of Section 134(5) of the Companies Act, 2013, the Directors would like to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) 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.
- (f) 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

DIRECTORS' REPORT**Subsidiary Companies**

Your Company has incorporated M/s. Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) as wholly owned foreign subsidiary and Kothari Petrochemicals HK Ltd., Hong Kong (KPL HK) as a step down foreign subsidiary in the year 2013-14 to serve the customers in the Asia Pacific region to the fullest satisfaction of the customers.

While the subsidiary KPL SG recorded a loss of Rs.5.32 Lakhs for the year ended 31st March 2015 as against a loss of Rs.2.20 Lakhs for the previous year, the step down subsidiary KPL HK made a profit of Rs.68.35 Lakhs for the year ended 31st March 2015 as against a profit of Rs.1.4 Lakh for the previous year.

Further efforts are being taken by the subsidiaries to bring in new customers. The objective of incorporation of these foreign subsidiaries has started showing positive results. The subsidiary companies are now well accepted by the market and lots of enquiries are being received and this would help us to enlarge the company's market share in South East Asia region.

Pursuant to Section 136 of the Companies Act, 2013, the Companies are exempted from attaching the Audited Financial Statement and other particulars of its subsidiary Companies alongwith the Annual Report of the Company. However, a Statement containing salient features of the financial statement of the subsidiary Company in form AOC-1 is forming part of Financial Statements.

The Financial Statement of Kothari Petrochemicals Pte. Ltd., Singapore and Kothari Petrochemicals HK Ltd., Hong Kong, the subsidiaries of your company is kept at the registered office for inspection of members during working hours and the same is also available on the website of Kothari Petrochemicals Limited. The Company shall provide the copy of the financial statements of its subsidiary Companies to the shareholders upon their request.

Extract of Annual Return:

As required, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT - 9 is annexed with this Report as Annexure I.

AUDITORS:**a) Statutory Auditors**

The Statutory Auditors of the Company, M/s.R.Subramanian and Company, Chartered Accountants, Chennai, hold office till the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed there under.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s.R.Subramanian and Company, Chartered Accountants, Chennai as the Auditors of the Company in relation to the financial year 2015-16 till the conclusion of the next Annual General Meeting. The re-appointment proposed is within the time frame for transition under the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

As required under Clause 49 of the Listing Agreement, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Poly Iso Butene (PIB) unit required to be Audited. Your Directors, on the recommendation of the Audit Committee, appointed M/s. P.Rajulyer, M.Pandurangan & Associates, Cost Accountant in practice for conducting the audit of cost records of the Company for the financial year 2015-16 on a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only). As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant is included at Item No.7 of the Notice convening this Annual General Meeting.

c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs.V.Vasumathy, Company Secretary in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure II".

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure III".

Deposits

The Company has not accepted deposit either from member or public falling within the ambit of Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year.

Internal Control Systems and their Adequacy

The Company has an Internal Control system, commensurate with the size, scale and complexity of its operations. The Internal Auditor function is carried out by independent firm of Chartered Accountants. The scope and authority of the Internal Audit (IA) function is defined by the Audit Committee. The Internal Audit Reports are placed before the Audit Committee for its scrutiny and suggestions, if any. The Internal Auditors are present at all the meetings of Audit Committee.

The Internal Auditors monitor and evaluates the efficacy and adequacy of the internal control system in the company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the Internal Auditors, the Company undertakes corrective action in the respective areas and strengthen the controls.

Particulars of Loans, Guarantees or Investments:

The company has not given any Loans or Guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company are given in the notes to the financial statements.

Risk Management Policy:

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company laid down the procedures to inform Board Members about the risk assessment and minimization procedures. Accordingly, the Company periodically submits the Risk Management Report to the Board for the review and suggestions.

Corporate Social Responsibility Policy:

Pursuant to the provisions of Section 135 and schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee (CSR) was formed to recommend: (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. The policy on Corporate Social Responsibility as approved by the Board is posted on the Company's website www.kotharipetrochemicals.com.

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for the schemes of promotion of education. The contributions in this regard have been made to the registered trust which is undertaking these schemes. **Report on CSR activities in the prescribed format attached in Annexure IV.**

Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and there are no 'material' contracts or arrangement or transactions at arm's length basis and thus disclosure in form AOC-2 is not required.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted, a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is posted on the Company's website www.kotharipetrochemicals.com.

Formal Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees, with the format prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire is covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Directors (without participation of the relevant Director) was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' REPORT

Separate Meeting of Independent Directors

The Independent Directors of the Company had met during the year to review the performance of Non-Independent Directors, Board as a whole and review the performance of the Chairperson of the Company and also reviewed the access, the quality, quantity and timeliness of flow of information between the company management and the Board with out the presence of the Non-Independent Directors and members of the Management.

Disclosure about Cost Audit

Filing of Cost Audit Report	2014 - 2015	2013 - 2014
Due Date	09.09.2015	27.09.2014 (Filed with MCA on 25.09.2014)
Cost Auditor Details	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai
Audit Qualification in Report	Nil	Nil

Listing with Stock Exchanges

The Company listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTHARIPET. The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to NSE where the Company's Shares are listed.

Corporate Governance and Shareholders Information

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is included as a part of this Annual Report.

Certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached with the Corporate Governance Report.

Particulars of Employees and related disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

No Employee draws remuneration in excess of the limits in terms of the provisions of the Section 197(12) of the Companies Act, 2013 read with rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Consolidated Financial Statements

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the Consolidated Financial Statements have been prepared by the Company in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India alongwith Auditors Report and form part of this Annual Report.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis as describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

Acknowledgement

Your Directors thank the Banks, Customers, Debenture Holders, Financial Institutions, Government Authorities, Suppliers and Shareholders for their continued support. Your directors also place on record their appreciation for the committed services by the employees of the Company.

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

Place: Chennai
Date: 28th May, 2015

Nina B. Kothari
Chairperson

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L11101TN1989PLC017347
Registration Date	28.04.1989
Name of the Company	Kothari Petrochemicals Limited
Category / Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	"Kothari Buildings", No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034 Ph. No. 044-30225507 Fax No.044-28334560 Email: secdept@hckgroup.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 5th Floor No.1, Club House Road, Chennai - 600 002. Phone No.044 - 28460390 to 28460394 Fax No. 044 – 28460129 E-mail: investor@cameoindia.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	Poly Iso Butene	22208	80.94%
2	LPG	19201	15.55%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GNL	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
1	BHK Trading Private Limited No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034	U51102T-N2006PTC058959	Holding	50.04	2(46)
2	Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) 1, Raffles Place, # 39 - 01, One Raffles Place, Singapore - 048 616	Registration No. 201319295W	Wholly owned Subsidiary	100.00	2(87)
3	Kothari Petrochemicals HK Ltd., Hong Kong (KPL HK) (Step down Subsidiary)* Suite 1803 - 4, 18 / F, St. George's Building, No.2 , Ice House Street, Central, Hong Kong.	Registration No. 1951069	Step down Subsidiary	100.00	2(87)

*KPL India do not hold any shares in KPL HK, Honk Kong. The Shares are held by KPL SG, Singapore which is subsidiary of KPL India.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter									
1	Indian									
(a)	Individual / Hindu Undivided Family	2,97,600	-	2,97,600	0.51	2,97,600	-	2,97,600	0.51	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,11,69,812	-	4,11,69,812	69.96	41,464,812	-	4,14,64,812	70.46	0.50
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4,14,67,412	-	4,14,67,412	70.47	4,17,62,412	-	4,17,62,412	70.97	0.50
2	Foreign									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4,14,67,412	-	4,14,67,412	70.47	4,17,62,412	-	4,17,62,412	70.97	0.50

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public shareholding									
1	Institutions									
(a)	Mutual Funds/ UTI	-	51,500	51,500	0.09	-	51,500	51,500	0.09	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	16,28,447	-	16,28,447	2.77	16,28,447	-	16,28,447	2.77	-
(f)	Foreign Institutional Investors	-	40,500	40,500	0.07	-	40,500	40,500	0.07	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	16,28,447	92,000	17,20,447	2.92	16,28,447	92,000	17,20,447	2.92	-
2	Non-institutions									
(a)	Bodies Corporate	63,10,618	1,22,600	64,33,218	10.93	63,53,346	1,22,600	64,75,946	11.00	0.07
(b)	Individuals -									
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh.	44,92,532	21,30,068	66,22,600	11.25	41,15,285	20,80,090	61,95,375	10.53	0.72
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	24,81,897	59,400	2,54,1297	4.32	23,88,170	59,400	24,47,570	4.16	0.16
(c)	Any Other									
	1) Directors & Relatives	4,000	100	4,100	0.01	3,000	100	3,100	0.01	-
	2) Non-Resident Indians (NRI's)	44,226	13,100	57,326	0.10	2,33,450	8,100	2,41,550	0.41	0.31
	Sub-Total (B) (2)	1,33,33,273	23,25,268	1,56,58,541	26.61	1,30,93,251	22,70,290	1,53,63,541	26.11	0.50
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,49,61,720	24,17,268	1,73,78,988	29.53	1,47,21,698	23,62,290	1,70,83,988	29.03	0.50
	TOTAL (A)+(B)	5,64,29,132	24,17,268	5,88,46,400	100.00	5,64,84,110	23,62,290	5,88,46,400	100.00	-
C.	Shares held by Custodians and against which Depository Receipts have been issued									
	1) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	2) Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	5,64,29,132	24,17,268	5,88,46,400	100.00	5,64,84,110	23,62,290	5,88,46,400	100.00	-

ii) Shareholding of Promoters

Sl. No.	Promoters Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1	BHK Trading Pvt. Ltd.	6,00,000	-	6,00,000	1.02	2,94,45,812	-	2,94,45,812	50.04	49.02
2	Kothari Sugars and Chemicals Ltd.	1,20,19,000	-	1,20,19,000	20.42	1,20,19,000	-	1,20,19,000	20.42	-
3	B.H.Kothari	1,77,400	-	1,77,400	0.30	1,77,400	-	1,77,400	0.30	-
4	Nina B.Kothari	1,20,100	-	1,20,100	0.20	1,20,100	-	1,20,100	0.20	-
5	Rasika H.Kothari	100	-	100	0.00	100	-	100	0.00	-
6	Spellbound Trading Pvt. Ltd.	1,05,50,812	-	1,05,50,812	17.93	-	-	-	-	17.93
7	Parasakthi Trading Co. Pvt. Ltd.	60,00,000	-	60,00,000	10.20	-	-	-	-	10.20
8	Riti Holdings & Trading Pvt. Ltd.	60,00,000	-	60,00,000	10.20	-	-	-	-	10.20
9	Ragini Synthetics Trading Pvt. Ltd.	60,00,000	-	60,00,000	10.20	-	-	-	-	10.20
	Total	4,14,67,412	-	4,14,67,412	70.47	4,17,62,412	-	4,17,62,412	70.97	

iii) Change in Promoters Shareholdings (Please specify, if there is no change)

Particulars	No. of Shares held 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
At the beginning of the year	6,00,000	1.02	6,00,000	1.02
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc..)	Inter se transfer		2,88,45,812	49.02
	07.04.14	2,85,50,812		
	Market purchase			
	31.03.15	2,95,000	0.50	
At the end of the year	2,94,45,812	50.04	2,94,45,812	50.04

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		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Century Foods Pvt. Ltd.	26,48,000	4.50	23,53,000	4.00
2	KSR Chemicals and Fortune Trading Pvt. Ltd.	18,53,500	3.15	18,53,500	3.15
3	Life Insurance Corporation of India	15,00,000	2.55	15,00,000	2.55
4	Hridaynath Consultancy Pvt. Ltd.	5,69,694	0.97	5,69,694	0.97
5	Amit Harakhchand Gangar	2,50,000	0.42	-	-
6	Finquest Securities Pvt. Ltd.	2,46,320	0.42	76,883	0.13
7	Minal Bharat Patel	1,99,803	0.34	2,04,863	0.35
8	Moneywise Financial Services Pvt. Ltd.	1,40,819	0.24	-	-
9	The Oriental Insurance Company Ltd.	1,28,447	0.22	1,28,447	0.22
10	F I Dadabhoy	1,12,896	0.19	-	-
11	PAT Financial Consultants Pvt. Ltd.	-	-	2,58,898	0.44
12	Parth Pradip Shah	-	-	2,05,125	0.35
13	Stocktalks Pvt. Ltd.	-	-	1,50,000	0.25
14	Samruddhi Stock Brokers Ltd.	-	-	1,08,000	0.18

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors					
Sl. No	Name of Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mr.B.H.Kothari – Chairman & Managing Director*	1,77,400	0.30	1,77,400	0.30
2	Mr.Arjun B Kothari – Managing Director**	-	-	-	-
3	Mr.P.N. Devarajan	-	-	-	-
4	Mr.Pranab Kumar Rudra	3,000	-	3,000	-
5	Dr.R.K.Raghavan	-	-	-	-
6	Mrs.Nina B. Kothari	1,20,100	0.20	1,20,100	0.20
For Each of the KMP					
1	Mr.S.Sundaramurthy - Company Secretary and Compliance Officer	100	-	100	-
2	***Mr. Cyrus Kallupurakal - Chief Financial Officer (CFO)	-	-	-	-
3	****Mrs.Jayalakshmi Ramaswamy - Chief Financial Officer (CFO)	-	-	-	-

* Mr.B. H. Kothari expired on 22nd February 2015.

** Mr.Arjun B .Kothari appointed as Managing Director on 08th April 2015.

*** Mr.Cyrus Kallupurackal appointed on 23.02.2015 as CFO.

**** Mrs.Jayalakshmi Ramaswamy resigned w.e.f. 30.11.2014 from the position of CFO.

DIRECTORS' REPORT**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹. in Lacs)

Description	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,181	600	-	1,781
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,181	600	-	1,781
Change in Indebtedness during the Financial Year				
Addition	1,091.55	24.09	-	1,115.64
Reduction	-	624.09	-	624.09
Net Change	1,091.55	600.00	-	1,691.55
Indebtedness at the end of the Financial year				
i) Principal Amount	2,272.55	-	-	2,272.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,272.55	-	-	2,272.55

VI. Remuneration of Directors and Key Managerial Personnel**A. Remuneration to Managing Director / Whole Time Director / Manager.**

(₹. in Lacs)

Sl. No.	Particulars of Remuneration	Mr.B.H.Kothari* Chairman and Managing Director
	Gross Salary	
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	48.86
2	Stock Options	-
3	Sweat Equity	-
4	Commission	27.46
	- as % of Profit	-
	- others, Specify	-
5	Others, Please specify	-
	Total (A)	76.32

* Mr.B. H. Kothari expired on 22nd February 2015.

B. Remuneration to Other Directors**1. Independent Directors**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount in Rs.
		Mr.P.N.Devarajan	Mr. Pranab Kumar Rudra	Dr.R.K.Raghavan	Mr.G.Narayanaswamy	
1	Sitting fee for attending Board and Committees Meetings	1,19,500	84,000	94,000	15,500	3,13,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total (B) (1)					3,13,000

2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs.Nina B. Kothari	Total Amount In.Rs.
1	Sitting fee for attending Board and Committee Meetings	18,500	18,500
2	Commission	-	-
3	Others, please specify	-	-
		Total (B) (2)	18,500
		Total (B) = (B)(1)+ (B)(2)	3,31,500

C. Remuneration to Key Managerial Personnel (KMP) other than Managing Director / Manager / Whole Time Director

(₹. in Lacs)

Sl. No.	Particulars of Remuneration	Name of KMP			Total Amount
		S. Sundaramurthy Company Secretary & Compliance Officer	Jayalakshmi Ramaswamy Chief Financial Officer	Cyrus Kallapurackal Chief Financial Officer	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.81	7.99*	1.00**	18.80
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	--	--	--	--
2	Stock Options	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	--	--	--	--
	- as % of Profit - others, Specify	--	--	--	--
5	Others, Please specify	--	--	--	--
	Total (C)	9.81	7.99	1.00	18.80

* Upto 30.11.2014

** From 23.02.2015

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					
Punishment					
Compounding					
B. Director					
Penalty					
Punishment					
Compounding					
C. Other Officer in Default					
Penalty					
Punishment					
Compounding					

DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 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 PETROCHEMICALS LIMITED

Kothari Buildings, No. 115, Mahatma Gandhi Road,
Nungambakkam, Chennai – 600 034.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kothari Petrochemicals 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 books, papers, minute books, forms and returns filed and other records maintained by **Kothari Petrochemicals Limited** 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 March 31, 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kothari Petrochemicals Limited for the financial year ended March 31, 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;
 - (c) 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;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period:
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
3. I have examined compliance with the following other laws specifically applicable to the industry to which the Company is engaged in the business of:
 - (a) Indian Boilers Act, 1923;
 - (b) The Petroleum Act, 1934;
 - (c) The Environment (Protection) Act, 1986; and
 - (d) Indian Explosives Act, 1884
4. I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India, as approved by the Central Government.
 - (ii) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited;
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable, subject to the following observations:

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, its authorised representatives during the conduct of Secretarial Audit, I report that the Company has not made any GDRs / ADRs or any Commercial Instrument during the Audit Period.
6. I have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts specific to the Industry, Laws and Regulations as may be applicable to the Company.
7. I further report that:
 - (a) 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.

DIRECTORS' REPORT

- (b) 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.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
8. 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.
9. I further report that during the audit period the members of the company in the Annual General Meeting held on September 2, 2014 approved in pursuance to Section 180 of the Companies Act, 2013, availing loans upto Rs.100 Crores and to create Charge / Mortgages with respect to the same, which has been a major decision by the Company during the audit period.

Place: Chennai
Date: May 15, 2015

V. Vasumathy
Practising Company Secretary
FCS No : 5424 / CP No : 9451

This report is to be read with my letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

Annexure A

To
The Members
KOTHARI PETROCHEMICALS LIMITED
Kothari Buildings, No. 115, Mahatma Gandhi Road,
Nungambakkam, Chennai – 600 034.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: May 15, 2015

V. Vasumathy
Practising Company Secretary
FCS No : 5424 / CP No : 9451

Annexure - III**Conservation of Energy, Technology Absorption and Foreign Exchange Outgo:****(A) Conservation of Energy:**

Energy conservation and efficiency measures was implemented in various areas of the Poly Iso Butene (PIB) Plant.

- a) Feed drying system using 3A molecular sieves was installed and commissioned as a replacement of distillation column operation. This has reduced the power consumption to the tune of around 600 units in a day and steam consumption to the tune of around 36 MT in a day.
- b) Variable Frequency Drives were installed and commissioned in 4 No. of cooling tower fans. This has reduced the power consumption to the tune of around 120 units in a day.
- c) Auto star delta converters were installed and commissioned in 8 No. of PIB storage tank pump motors. The purpose is to operate the motor in star mode, during tank circulation and in delta mode, during product loading. This has reduced the power consumption to the tune of around 170 units in a day.
- d) 75 KVA lighting voltage control transformer was installed and commissioned in the lighting circuit to reduce the lighting voltage from 240 V to 205 - 210 V. This has reduced the power consumption to the tune of around 60 units in a day.
- e) 210 No. T8 36W tube lights with electromagnetic chokes in Buildings were replaced with T5 28W tube lights with electronic chokes. This has reduced the power consumption to the tune of around 20 units in a day.
- f) 330 No. 125W mercury vapour lamps inside plant area were replaced with 40W LED lamps. This has reduced the power consumption to the tune of around 300 units in a day.
- g) 60 No. 70W sodium vapour lamps for street lighting were replaced with 40W LED lamps. This has reduced the power consumption to the tune of around 20 units in a day.
- h) Solar Panels for generating 244.40 KW of solar power energy are installed inside the plant. This facility will reduce the power draw from Grid to the extent of the capacity installed as well to comply with the obligation as stipulated by TANGEDCO under new Solar Policy.

DIRECTORS' REPORT**POWER AND FUEL CONSUMPTION**

	Particulars	2014-15	2013-14
1.	Electricity		
	(a) Purchased		
	Unit (Kwh)	80,82,592	76,12,585
	Total Amount (Rs.)	5,79,74,918	5,43,55,831
	Rate/unit (Rs.)	7.17	7.14
	(b) Own generation		
	(i) Through diesel generator		
	Units	9,08,510	7,23,070
	Unit per-litre of diesel oil	2.71	2.89
	Cost/Units	21.00	19.50
	(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)	72.25	3,042.58
	Total amount (Rs.)	28,60,349	12,68,59,795
	Average rate	39,589.61	41,694.81
4	Paddy Husk		
	Quantity (MT)	11,166.82	--
	Total amount (Rs.)	4,77,21,190	--
	Average rate	4,273.48	--
5.	Others/internal generation (please give details)		
	Quantity	--	--
	Total cost	--	--
	Rate/unit	--	--
6.	Consumption per unit of production		
		Standard (if any)	
	Products (with details) in MT	--	18,714.00
	Electricity (Unit per MT)	449	483.49
	Furnace Oil (MT of FO per MT)	0.02	0.00
	Coal (specify quality)	--	--
	Others (Paddy Husk - MT of Paddy husk per MT)	0.55	0.60

(B) Technology absorption: Nil**(C) Foreign exchange earnings and Outgo:****(₹. in Lakhs)**

S. No.	Particulars	2014-15	2013-14
(i)	Total Foreign Exchange earned	5,167.70	6,402.76
(ii)	Total Foreign Exchange outflow	1,312.62	719.66

DIRECTORS' REPORT
Annexure - IV
REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

In alignment with the "Vision" of the company, KPL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The policy encompasses the company's philosophy, its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

This policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons. The web-link on CSR policy : <http://www.kotharipetrochemicals.com/Uploads/kpl-csr-policy.pdf>

For purposes of focusing its CSR efforts in a continued and effective manner, the following eight thrust areas have been identified:

- i. Education/ Literacy Enhancement
- ii. Environment Protection / Horticulture
- iii. Infrastructure Development
- iv. Drinking water/ Sanitation
- v. Healthcare/ Medical facility
- vi. Community Development / Social Empowerment
- vii. Contribution to Social Welfare funds set up by Central / State Government
- viii. Relief of victims on Natural Calamities

2. **The Composition of the CSR Committee:**

The Company has constituted the CSR Committee with the following Directors:

Sl. No.	Name of Directors	Designation
(a)	Mrs.Nina B Kothari	Chairperson (Non Executive & Non Independent)
(b)	Mr.Arjun B.Kothari*	Member (Executive & Non-Independent)
(c)	Mr.P.N.Devarajan	Member (Independent Director)
(d)	Dr.R.K.Raghavan	Member (Independent Director)

(*) Mr. Arjun B. Kothari inducted as a member on 8th April, 2015.

3. **Average net profit of the company for last three financial years:**

(₹. in Lakhs)

Sl. No.	For the Financial Year	Annual Net Profit
(a)	2013-14	1,199.21
(b)	2012-13	652.61
(c)	2011-12	653.51
Total		2,505.33
Average Annual Net Profit		835.11

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

2% of Average Net Profit comes around Rs.16.70 Lakhs

DIRECTORS' REPORT**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year : Rs.16.75 Lakhs
 (b) Amount unspent, if any: : Nil
 (c) Manner in which the amount spent during the financial year : Attached as per annexure in this report.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**Board's Responsibility:**

The Board of Directors is required to approve the CSR Policy after considering recommendations of CSR Committee.

The Board shall make sure that, the;

- (i) Activities included in CSR Policy are related to activities included in Schedule VII of the Act.
 (ii) Activities as included in CSR Policy are undertaken by the Company.

Implementation

The Company can implement its CSR activities through:

- ✓ Programmes undertaken by the Company at various work centers to the best possible extent.
- ✓ Its own non-profit foundations/company (incorporated under Section 8 of the Act) so as to facilitate this initiative.
- ✓ a registered trust or a society/agency;
 Provided that such specialized trust or society/agency shall have a track record of three years in undertaking similar programs or projects;
- ✓ the process of collaborating or pooling with other companies for undertaking projects or programmes or CSR activities in such manner that the CSR Committee of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
- ✓ The CSR programmes or activities undertaken in India only shall amount to CSR Expenditure
 Provided that, the Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Monitoring and Feedback**Effective steps to be implemented:**

- ✓ To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation would be reported to the corporate office on a monthly basis.
- ✓ The CSR Committee at the corporate office will conduct impact studies on a periodic basis, on the proper functioning of the implemented CSR programmes.
- ✓ Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the website for public reference.
- ✓ The CSR policy and their progress will also be reported in the yearly Annual Report and Board Report of the Company.

(Managing Director)

(Chairman CSR Committee)

Annexure: Manner in which the amount spent during the financial year

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or program 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Construction of Classroom for School located at Kattur, Lalgudi, Trichy	Promoting Education / Literacy Enhancement	Location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu	Rs.16.70 lakhs	Direct Expenditure of Rs.16.75 lakhs	Rs.16.75 lakhs spent during the financial year 2014-15	Amount of Rs.16.75 has been spent through a Registered Trust namely HCK Educational & Development Trust

(*) The details of implementing agency as given below:

Name of the Registered Trust	Address	Details of Trust and Experience
HCK Educational & Development Trust	No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	Trust Constituted on 24.06.2010 and received the exemption under Section 80G of the Income Tax Act, 1961. Experience: Since its inception the Trust involved in the activities of developing and improving the Education. They are having the experience in constructing the School building.

Management Discussion and Analysis

Industry Structure & Development:

Kothari Petrochemicals Limited (KPL) has been one of the largest manufacturer of Poly Iso Butene (PIB) in the country with the capacity of 22000 tones per annum. This accounts for 60 % of the total production in the country.

Outlook:

The problem of frequent interruption in raw materials procurement has been solved by ensuring continuous domestic supply. In addition, we also identified a foreign supplier in case of need.

The demand for PIB both globally as well as domestically has been coming down for various reasons. Even for retaining the market share there is a need for manufacturing other kind of PIB which is perceived to be technically advantageous product from the buyer's perspective.

Opportunities:

One of the important factors for containing the cost of production of PIB is to reduce the loss from the sales realisation of return LPG. All along the company was selling the return LPG to bottlers from whom we were able to realise only a nominal price. However, in the recent months we have been able to sell the LPG to direct consumers where we are realising a better price.

It has been the constant endeavour of the company to ensure preventive maintenance of the plant which has resulted in smooth operation of the plant through out the year without any interruption. This has ensured continuity in production and M/s. Bharat Petroleum Corporation Limited in recognition of continues supply of PIB to them, has awarded "Best Performer Award for on time supply"

The company was, all along facing problems in raw material procurement which has now been solved by entering into a long term contract with two suppliers and this will ensure continues supply of raw materials. When we were in midst of the problem of short supply we also took steps to import raw material. Effective steps have also been taken to reduce the impurities in the raw materials.

Risks, Concerns & Threats:

The availability of raw materials has been a constant worry for the industry because the refineries who supply the raw materials to us find it more remunerative to supply to other segments, rather than to PIB manufacturers.

The restriction in selling the return LPG in the open market as per the control order issued by Ministry of Petroleum and Natural Gases is also a big challenge for the company.

The price of imported PIB is comparatively more competitive than the domestic product.

Off late, the domestic customers prefer HR PIB over conventional PIB due to better yield of their final products and also because it is available at the same price as conventional PIB.

The volatility in the value of Indian currency vis-à-vis US Dollars has a negative impact on your company export sales realization. However, KPL takes forward foreign exchange cover to hedge the fluctuations.

The Statutory authorities are bringing in new and stringent norms for pollution control which involves substantial investment, reducing profitability.

Internal Control Systems and their adequacy:

The Company has established system of internal control across all of its business operations and for safeguarding the Assets. The functions of Internal Audit are carried out by independent firm of Chartered Accountants, who submit their reports on a quarterly basis to the Management. These reports are also placed before the Audit Committee on its meetings and they are reviewed by the Audit Committee. The Board, Audit Committee and the Management ensure that the internal control system operates effectively within the organisation. The Internal Auditors review the adequacy of internal control system and suggest necessary check and balances to ensure and increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subjected to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

Human Resources / Industrial Relations

Human resources are the most important resources in an organization and needs to be used efficiently, because success, stability and growth of an organization depends on its ability in acquiring, utilizing and developing the human

Management Discussion and Analysis

resources for the benefit of the organization. In the final analysis, it is the people (i.e. employees) who produce results and generate a climate conducive to the growth and development of the organization.

During the year employees attended series of training - Technical and Soft skills as part of Employee Development Program. Special Onsite Program and In-house Training programme were also conducted on safety.

The company was focused on Career development of employees and Manpower requirement was filled by giving priority to internal sources - through promotions / horizontal transfers. Key Performance Indicators are utilized for the career growth of employees.

During the year, the industrial relations continued to be cordial, conducive and mutually productive. The Company's Industrial Relations policy has been benchmarked to the manufacturing sector. This has helped to build a healthy relationship and resolve issues through mutual dialogue.

The Human Resources Department created an "Internal Complaints Committee" for the prevention and redressal of sexual harassment of women at work place as per the requirement of Sexual harassment of Women at Work place (Prevention, Prohibition & Redressal) Act 2013. There were no incidents of sexual harassment reported during the year under review.

Total number of employees as on 31st March 2015 was 126 in respect of petrochemical operations.

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

Place: Chennai
Date: May 28, 2015

Nina B. Kothari
Chairperson

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES

- a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details: Except Mr.B.H.Kothari Chairman & Managing Director, no directors was in receipt of remuneration except sitting fees.

Sl. No.	Name	Designation	Ratio
i)	Mr. B.H. Kothari	Managing Director	17 : 1

For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration.

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name	Designation	Percentage of Increase
i)	Mr.B.H. Kothari	Managing Director	No increase
iv)	Mr.S.Sundaramurthy	Company Secretary	10%
ii)	Mr.Cyrus Kallapurackal*	Chief Financial Officer	N.A
iii)	Mrs.Jayalakshmi Ramaswamy**	Chief Financial Officer	10%

* Mr.Cyrus Kallapurackal appointed on 23.02.2015 as CFO.

** Mrs.Jayalakshmi Ramaswamy, CFO resigned w.e.f. 30.11.2014.

- c) The percentage increase in the median remuneration of employees in the financial year: Percentage varies between 08 to 13 %
- d) The number of permanent employees on the rolls of company as on 31st Mar 2015: 126
- e) The explanation on the relationship between average increase in remuneration and company performance:

The company performance has been good though there is a shortage of raw materials which was arising once in a while. To keep the morale of the employees high, and commensurate with the performance of the company with the industry standards, the management has on an average provided 08% to 13% increase to each employee based on their performance during the year.

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES

- f) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company:

(₹. in Lacs)

Name	Designation	CTC	% increase in CTC	PAT	% increase in PAT
Mr. B.H.Kothari*	Managing Director	76.32	No increase	1,104.17	40%
Mr. S. Sundaramurthy	Company Secretary	9.81	10%		
Mr. Cyrus Kallapurackal**	Chief Financial Officer	1.00	N.A		
Mrs. Jayalakshmi Ramaswamy***	Chief Financial Officer	7.99	10%		

* Mr. B.H. Kothari expired on 22.02.2015

** Mr.Cyrus Kallapurackal appointed on 23.02.2015 as CFO.

*** Mrs.Jayalakshmi Ramaswamy, CFO resigned w.e.f. 30.11.2014.

- g) Variations in the Market Capitalisation of the Company, Price Earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer:

Date	Issued Capital	Closing Market Price per share	EPS	PE Ratio	Market Capitalisation
31.03.2014	58.85 Crores	8.50	1.34	6.34	50.02 Crores
31.03.2015	58.85 Crores	11.90	1.88	6.33	70.02 Crores
Increase / (Decrease)	--	3.40	0.54	(0.0135)	20.01 Crores
% increase / (Decrease)	--	40%	40.30%	(0.21)%	40%
Issue Price of the Share at the last Public Offer(IPO)	--	Rs.10/- (in 1996)	--	--	--
Increase in market price as on 31.03.2015 as compared to Issue Price of IPO	--	Rs.1.90	--	--	--
Increase in %	--	19%	--	--	--

- h) Average percentile increase already made in the salaries of employees' other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Increase of remuneration for employees varies between 08 to 13 % and for KMP the increase was 10% on their performance during the year.

- i) The Key parameters for any variable component of remuneration availed by the Directors: Except Mr.B.H.Kothari, Chairman & Managing Director, no salary was paid to other directors except sitting fees. Mr.B.H. Kothari was also paid the commission over and above the salary ensuring the total remunerations not exceeding 5% of net profit.
- j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable
- k) If remuneration is as per the remuneration policy of the company: Yes

(In accordance with Clause 49 of the Listing Agreement of the Stock Exchanges)

Company's Corporate Governance Philosophy

Kothari Petrochemicals Limited believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term values while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong Corporate Governance values intrinsic in all its operations. The Company is led by a distinguished Board, which includes Independent Directors. The Board provides a strong oversight and strategic counsel. The company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide the management, the strategic direction it needs.

Board of Directors

a) Composition

The Board consists of Five Directors as on the date of this Report. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Sl. No	Designation	Name of Director
(a)	Chairperson	Mrs. Nina B Kothari
(b)	Managing Director	Mr. Arjun B. Kothari
(c)	Independent Directors	Mr. P.N.Devarajan Mr. Pranab Kumar Rudra Dr. R.K.Raghavan

Note:

- (i) Mr.B. H. Kothari, erstwhile Chairman and Managing Director (CMD) expired on 22nd February, 2015.
- (ii) Mrs.Nina B Kothari was appointed as Chairperson of the Company w.e.f. 08th April 2015.
- (iii) Mr.Arjun B Kothari was appointed as Managing Director on 08th April 2015.

All independent Directors possess the requisite qualifications and are very experienced in their own fields. All Directors except the Independent Directors are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other Chairmanship / Directorship / Committee membership of each Director is given below:

Sl. No.	Name of the Director	Director Category	Number of Directorships in other companies	Number of Committee Memberships in other companies	
				Chairman	Member
1	Mrs.Nina B.Kothari*	Non- Executive	15	1	-
2	Mr.Arjun B. Kothari **	Executive	14	1	1
3	Mr.G.Narayanaswamy***	Independent	-	-	-
4	Mr.P.N.Devarajan	Independent	9	-	-
5	Mr.Pranab Kumar Rudra	Independent	1	-	-
6	Dr.R.K.Raghavan****	Independent	1	-	-

Note:

- * (i) Mrs.Nina B. Kothari appointed as Director on 27th May, 2014 and elected as Chairperson on 08th April, 2015.
- ** (ii) Mr.Arjun B. Kothari appointed as Managing Director on 08th April, 2015.
- *** (iii) Mr.G.Narayanaswamy, Independent Director resigned w.e.f 28th May 2014.
- **** (iv) Dr.R.K.Raghavan appointed as Independent Director on 27th May 2014.
- (v) Other directorships also include Private Limited Companies.
- (vi) Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for Committee Memberships.

CORPORATE GOVERNANCE**b) Board Meetings and Attendance at Board Meetings**

The Board met 5 times during the financial year 2014 - 2015. The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days. The relevant details are as under:

Sl. No	Date	Board Strength	No. of Directors present
(i)	May 27, 2014	04	04
(ii)	Aug 12, 2014	05	02
(iii)	Sep 02, 2014	05	05
(iv)	Nov 10, 2014	05	03
(v)	Feb 11, 2015	05	03

The dates for the Board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are provided well in advance. Those that cannot be included in the agenda are tabled at the meeting. The Chairman and the Managing Director appraise the Board on the overall performance of the company at every Board meeting. The Board reviews performance of the company on a regular basis. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Executives and Managing Director regarding compliances of all laws on a quarterly basis.

c) Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)

Name of the Director	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at previous AGM held on September 02, 2014
Mr.B.H.Kothari*	-	05	02	Present
Mrs.Nina B. Kothari**	NED	05	01	Present
Mr.Arjun B. Kothari***	MD	NA	NA	NA
Mr.P.N.Devarajan	INED	05	05	Present
Mr.Pranab Kumar Rudra	INED	05	04	Present
Mr.G.Narayanaswamy****	INED	05	01	NA
Dr.R.K.Raghavan*****	INED	05	04	Present

Note: (NED: Non Executive Director; INED: Independent Non-Executive Director)

* (i) Mr.B.H.Kothari Chairman and Managing Director expired on 22nd February, 2015.

** (ii) Mrs.Nina B. Kothari appointed as Director on 27th May, 2014 and elected as Chairperson on 08th April, 2015.

*** (iii) Mr.Arjun B. Kothari appointed as Managing Director on 08th April, 2015.

**** (iv) Mr.G.Narayanaswamy, Independent Director resigned w.e.f 28th May 2014.

***** (v) Dr.R.K.Raghavan appointed as Independent Director on 27th May 2014.

COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Non-mandatory Committee viz. Investment and Credit Approval Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the subsequent Board Meetings.

AUDIT COMMITTEE

The Audit Committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The revised terms of Reference, Powers, Role and Responsibilities of the Audit Committee as enunciated in Sec 177 of Companies Act, 2013 and amended clause 49 of the Listing agreement were taken on record by the Board of Directors Meeting held on 27th May, 2014.

The Audit Committee acts as a link between the Board of Directors and the Statutory and Internal Auditors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement. Some of the important functions performed by the Committee are:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's system and internal controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism (implemented in the Company as a Whistle Blower Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

Audit

- a) Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- b) Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- c) Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.
- d) Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- e) To recommend to the Board the remuneration of the Statutory Auditors/Cost Auditors.
- f) To discuss with the Statutory Auditor / Internal Auditor any significant difficulties encountered during the course of the Audit.
- g) Review annual Cost Audit Report submitted by the Cost Auditor.

Other Duties

- To approve the appointment, removal and terms of remuneration of the Internal Auditor and to approve the appointment of the Chief Financial Officer.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve such transactions subject to the approval of the Board.
- The committee also looks into those matters specifically referred to it by the Board.

As on 31st March 2015 the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / audit exposure. The Managing Director, Chief Financial Officer and President are permanent invitees to the meetings of the committee. The Statutory Auditors and Internal Auditors were present at all Audit Committee meetings. The representative of the Cost Auditor is invited to attend the Meeting of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The composition of the audit committee is as per Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE

The Audit Committee comprised of the following directors for the year ended 31st March 2015:

Sl. No.	Name of Directors	Designation
(i)	Mr.P.N.Devarajan	Chairman
(ii)	Mr.Pranab Kumar Rudra	Member
(iii)	Mr.G.Narayanaswamy*	Member
(iv)	Dr.R.K.Raghavan**	Member

* (i) Mr.G.Narayanaswamy, Member resigned w.e.f 28th May 2014.

** (ii) Dr.R.K.Raghavan inducted as Member on 27th May 2014.

Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 02nd September, 2014. The Audit Committee met four times during the year on 27th May 2014, 12th August 2014, 10th November 2014 & 11th February 2015. The details are as follows:

Attendance of each Director at Audit Committee Meetings

Sl. No.	Name of Directors	Number of Meetings Attended
(i)	Mr.P.N.Devarajan	04
(ii)	Mr.Pranab Kumar Rudra	03
(iii)	Mr.G.Narayanaswamy*	01
(iv)	Dr.R.K.Raghavan**	03

* (i) Mr.G.Narayanaswamy resigned w.e.f 28th May 2014.

** (ii) Dr.R.K.Raghavan appointed as Independent Director on 27th May 2014.

NOMINATION AND REMUNERATION COMMITTEE

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee".

The terms of reference of the Committee inter alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independence of Directors and the Board;
- Devising a policy on Board Diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Nomination and Remuneration Committee comprises of non-executive and independent directors. Mr.P.N.Devarajan, is the Chairman of the Committee. Mr.Pranab Kumar Rudra and Mrs.Nina B. Kothari are the other members. The Company Secretary is the Secretary to the Committee. The Committee has met once during the financial year 2014 - 15 on 11th February 2015.

Remuneration Policy:**Policy for selection and Appointment of Directors / KMP and their Remuneration**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director / KMPs and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

- a) The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.

- c) The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing;
 - iii. Diversity of the Board.
- e) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director at his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i) A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii) A Non Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- iii) The N&R Committee may recommend to the Board, the payment of commission to the Non-Executive Director of the Company.
- iv) In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Directors.
- v) The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- vi) The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

Managing Director - Criteria for selection / appointment

For the purpose of selection of the Managing Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the Managing Director

- i) At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii) The remuneration of the Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus by way of Commission.
- iv) In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
 - a. the relationship between remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the Managing Director, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

CORPORATE GOVERNANCE**Remuneration Policy for the Senior Management Employees**

- I. In determining the remuneration of the Senior Management Employees, the N&R Committee shall ensure / consider the following:
 - i. the relationship between remuneration and performance benchmark is clear;
 - ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

Criteria for Performance evaluation framed by N & R Committee

- Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee shall lay down the criteria for the formal annual evaluation of Board, Committees and Individual Directors.
- Pursuant to the above requirements, the Nomination and Remuneration Committee has framed a format inter alia containing attendance & participation of meetings, inputs provided & its impact on the company whether positive or adverse etc. for the Annual Evaluation of Independent Directors, Board and its Committees. Thus, Nomination and Remuneration Committee recommends the devised format to the Board to apply while conducting the Annual Evaluation.

The Remuneration Policy approved by the Board of Directors was posted on the website of the Company www.kotharipetrochemicals.com

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Share Transfer cum Shareholders Grievance Committee" as the "Stakeholders' Relationship Committee".

The terms of reference of the Committee are:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required
- monitoring and expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debentures and other securities of the Company.

The Stakeholders Relationship Committee comprises of Mr.P.N.Devarajan, Mrs.Nina B. Kothari , Dr.R.K.Raghavan and Mr.Arjun B. Kothari (inducted on 08.04.2015 in lieu of Mr.B.H.Kothari who expired on 22.02.2015) to look into redressal of Shareholders' and Investors complaints such as transfer of shares, non-receipt of annual reports, dividend etc.

The committee meets regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the members of the Stakeholders' Relationship Committee and the Company Secretary to approve the share transfers / transmissions and accordingly, the Stakeholders' Relationship Committee or the Company Secretary approve the transfer / transmission of shares generally on a fortnight basis. The committee also reviews the performance of the Registrar and Share Transfer Agents.

The committee met 11 times during the year 2014 - 2015. No sitting fee is paid for attending the meetings of the Committee.

Details of the Complaints received from the Shareholder(s) / Department(s) during the financial year 2014 - 2015

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redress under process at the year end
1	Non receipt of Dividend	19	19	Nil
2	Non receipt of new share certificate	Nil	Nil	Nil
3	Non receipt of annual reports	Nil	Nil	Nil
4	Non receipt of final redemption warrants	Nil	Nil	Nil
5	Non receipt of fractional warrants	Nil	Nil	Nil
6	Transfer of shares	Nil	Nil	Nil
7	De-materialization matters	Nil	Nil	Nil
8	Others	Nil	Nil	Nil
Total		19	19	Nil
1	Securities Exchange Board of India	01	01	Nil
2	(SEBI)	Nil	Nil	Nil
3	Ministry of Corporate Affairs (MCA)	Nil	Nil	Nil
4	National Stock Exchange (NSE)	Nil	Nil	Nil
5	Registrar of Companies (ROC)	Nil	Nil	Nil
	Consumer Forum			
Total		01	01	Nil

SEBI vide Circular Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended within the stipulated time and nothing was pending for disposal at the end of the year. Mr.S.Sundaramurthy, Company Secretary is the Compliance Officer of the Company. For any clarification / complaint the shareholders may contact the Secretarial Department at the registered office of the company

Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) Committee of the Board has been constituted.

Two meetings of Committee were held during the financial year 2014 - 2015 i.e., on November 10, 2014 and 30th March, 2015.

The composition and attendance of the Committee members are as follows:

Sl. No.	Name of Directors	Designation	No. of Meetings	Directors Attendance
(a)	Mrs.Nina B Kothari	Chairperson (Non Executive & Non Independent)	2	1
(b)	Mr.Arjun B.Kothari*	Member (Executive & Non-Independent)	NA	NA
(c)	Mr.P.N.Devarajan	Member (Independent Director)	2	2
(d)	Dr.R.K.Raghavan	Member (Independent Director)	2	2

(*) Mr. Arjun B. Kothari inducted as a member on 8th April, 2015.

The further details have been provided elsewhere in the Directors' Report and the Corporate Social Responsibility policy which is posted on the Company's website www.kotharipetrochemicals.com

Investment and Credit Approval Committee – Non Mandatory Committee

The Investment and Credit Approval Committee formed for the purpose of investing the funds of the company, power to borrow and power to make loans.

Pursuant to section 179 of the Companies Act, 2013, the Board delegates its power to borrow monies, power to invest the funds of the company and the power to make loans to the Investment and Credit approval Committee within the total sanction limit approved by the Members of the Company from time and time. The Committee met 11 times during the year. No sitting fee is paid for attending the meetings of the Committee.

CORPORATE GOVERNANCE

The Committee comprises of the following directors

Sl. No.	Name	Members
(i)	Mr.Arjun B. Kothari	Chairman (Executive & Non-Independent)
(ii)	Mrs.Nina B. Kothari	Member (Non-Executive & Non-Independent)
(iii)	Mr.P.N.Devarajan	Member (Independent)
(iv)	Dr.R.K.Raghavan	Member (Independent)

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

The devised format recommended by the Nomination and Remuneration Committee for Annual Evaluation was sent to all the Directors well in advance to carry out this exercise. Based on the inputs received from the Directors, covering various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, suitable follow up action will be taken by the Company.

A separate exercise was carried out to evaluate the performance of individual Directors (Independent Directors), who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board (without the presence of concerned Independent Director). The Directors expressed their satisfaction with the evaluation process.

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met on March 26, 2015, inter alia, to discuss:

- Performance review of Non-Independent Directors and the Board of Directors as a whole;
- Performance review of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Performance review of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting without the presence of Non-Independent Directors and members of the Management.

Familiarisation programme for Independent Directors

The Company during the year, conducted a Familiarisation programme for Independent Directors of the Company and the details of such familiarisation programmes are disseminated on the website of the Company (www.kotharipetrochemicals.com)

REMUNERATION PAID TO DIRECTORS

Of the total 05 directors, Mr.B.H.Kothari was the Chairman & Managing Director (Expired on 22.02.2015) and with effect from 08.04.2015 Mr.Arjun B Kothari was inducted as Managing Director of the Company. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. This is subject to the approval of the shareholders at the Annual General Meeting and that of the Central Government and such other authorities as may be necessary. The non executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the Committees.

a) Details of Remuneration paid to the all the Directors during the financial year 2014-2015

Except Mr. B.H.Kothari, Chairman & Managing Director, Company did not paid any remuneration to Non executive directors during 2014-15 except sitting fees.

(₹. in Lacs)

PARTICULARS	* Mr.B.H.Kothari, Chairman and Managing Director
Salary & Perquisites	48.86
Commission	27.46
Stock Option	--
Pension	--
Sitting Fees	--
Total	76.32

* Mr.B.H.Kothari expired on 22nd February 2015

b) Details of Sitting Fees paid during the financial year 2014-2015

(Amount in ₹)

Name of the Directors	Sitting fees paid				Total
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	
Mrs. Nina B. Kothari	8,500	Nil	10,000	Nil	18,500
Mr. P.N.Devarajan	55,500	34,000	20,000	10,000	1,19,500
Mr. Pranab Kumar Rudra	47,000	27,000	N.A	10,000	84,000
Dr. R.K.Raghavan	47,000	27,000	20,000	N.A	94,000
Mr. G.Narayanaswamy	8,500	7,000	N.A	N.A	15,500
Total	1,66,500	95,000	50,000	20,000	3,31,500

There was no pecuniary relationship or transactions concerning the non-executive directors' vis-à-vis the company during the Financial Year ended 31st March, 2015.

c) Details of shareholding of Directors as on 31st March 2015

As on 31st March 2015, the company has one Executive and one Non-Executive Non-Independent Director and others are Independent Directors. Mr.B.H.Kothari, Chairman & Managing Director held 1,77,400 equity shares and Mrs. Nina B. Kothari Non-Executive director holds 1,20,100 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company except Mr.Pranab Kumar Rudra who holds 3,000 equity shares.

ANNUAL GENERAL MEETINGS

The details of the Annual General Meetings held in the last three years are as follows:

Year	Venue	Date	Day	Time
2013-2014	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14	September 02,2014	Tuesday	10.30 A.M
2012-2013	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14	September 05,2013	Thursday	10.30 A.M
2011-2012	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14	September 20, 2012	Thursday	10.30 A.M.

The details of special resolutions passed in AGM/EGM in the last 3 years are as follows

Date of AGM	Whether any Special Resolution was passed	Particulars
Sep 02, 2014	Yes	i. Consent under Section 180(1)(c) of the Companies Act, 2013 for borrowings ii. Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc., iii. Remuneration to Mr. B.H. Kothari, Managing director
Sep 05, 2013	No	-
Sep 20, 2012	No	-

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2014 - 2015.

CORPORATE GOVERNANCE**SUBSIDIARY COMPANIES**

The financials of the subsidiary companies viz., M/s.Kothari Petrochemicals Pte. Ltd., Singapore and M/s. Kothari Petrochemicals HK Ltd., Hong Kong have been duly reviewed by the Audit Committee and the Board of the company. The Board minutes of the unlisted foreign subsidiary companies have been placed before the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

The Company has also formulated a policy for determining the Material Subsidiaries and the details of such policies are disseminated in the website of the Company (www.kotharipetrochemicals.com)

RISK MANAGEMENT

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by the Executive Management.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated a Whistle Blower Policy of Vigil Mechanism and has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behavior. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly. The company affirms that no personnel have been denied access to the Audit Committee.

Further details are available in the Whistle Blower policy of the Company posted in Company website www.kotharipetrochemicals.com.

DISCLOSURES**RELATED PARTY TRANSACTIONS:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis.

There was no materially significant related party transactions during the year having potential conflict with the interests of the Company. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in the notes to accounts annexed to the financial statements. Further the Company has not entered into any transaction of a material nature with the Promoters, Directors their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

All the transactions with related parties during the year were in the ordinary course of business and at arm's length basis. In terms of amended Clause 49 of the Listing Agreement, the Company started obtaining prior approval of the Audit Committee from October 1, 2014 for entering into transactions with related parties.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website www.kotharipetrochemicals.com

COMPLIANCES:

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

MEANS OF COMMUNICATION

- a) The Audited and unaudited quarterly financial results and Annual Financial Results of the company are published in leading newspapers such as The Financial Express and Malai Sudar (Tamil).
- b) The company's website address is www.kotharipetrochemicals.com. The website contains basic information about the company and such other details as required under the Listing Agreement. The company ensures periodical updation of its website. The company has designated the email-id secdept@hckgroup.com to enable the shareholders to register their grievances.
- c) Pursuant to the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS within the time frame prescribed in this regard.
- d) No presentations have been made to institutional investors or to analysts.

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said Code of Conduct is available on the website www.kotharipetrochemicals.com. As provided under Clause 49 of the Listing Agreement with the stock exchange, the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2014-2015.

GENERAL SHAREHOLDER INFORMATION
a) Annual General Meeting

Day, Date and Time	Monday, August 10, 2015 at 10.15. A.M.
Venue	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14

b) Financial Calendar of the Company

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

Financial Reporting for year 2015-2016 (Tentative)	
Results for Quarter ending 30th June, 2015	First fortnight of August, 2015
Results for Quarter ending 30th September, 2015	First fortnight of November, 2015
Results for Quarter ending 31st December, 2015	First fortnight of February, 2016
Results for Quarter ending 31st March, 2016	Last Week of May, 2016

c) Date of Book Closure

The period of Book Closure is fixed from Tuesday, the 04th August, 2015 to Monday, 10th August, 2015 (both days inclusive).

d) Management Discussion and Analysis Report

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

e) Dividend Payment

For the year ended March 31, 2015, the Directors have recommended a dividend at the rate (@10%) of Re.1/- (Rupee one only) per equity shares of Rs.10/- each, subject to the approval of Members at the ensuing Annual General Meeting and the dividend, if approved it shall be disbursed before 09th September 2015.

f) Listing of Shares

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2015 - 16 has been paid. (Stock Code: KOTHARIPET).

g) Details of the outstanding ADRs / GDRs / Warrants or Convertible Instruments: Nil
h) Stock Market Data

(Amount in ₹)

Month	High	Low	Month	High	Low
Apr 2014	12.75	8.30	Oct 2014	15.50	11.00
May 2014	12.65	9.55	Nov 2014	14.90	12.05
Jun 2014	13.95	11.40	Dec 2014	14.65	12.80
Jul 2014	13.90	10.30	Jan 2015	19.85	13.40
Aug 2014	15.35	9.35	Feb 2015	16.45	13.15
Sep 2014	16.95	12.10	Mar 2015	16.45	10.20

CORPORATE GOVERNANCE

i) Shareholding Pattern as on 31st March 2015

Sl. No.	Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	%
A.	Promoter and Promoter Group				
(a)	Bodies Corporate	2	-	41,464,812	70.46
(b)	Individuals	3	-	2,97,600	0.51
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	3	51,500	-	0.09
(b)	Financial Institutions / Banks	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	2	-	16,28,447	2.77
(f)	Foreign Institutional Investors	1	40,500	-	0.07
(g)	Foreign Venture Capital Investors	-	-	-	-
2	Non-institutions				
(a)	Bodies Corporate	187	1,22,600	63,53,346	11.00
(b)	Individuals -	9,864	21,39,490	65,03,455	14.69
(c)	Non-Resident Indians (NRI's)	35	8,100	2,33,450	0.41
(d)	Directors and Relatives	2	100	3,000	0.01
	TOTAL (A)+(B)	10,099	23,62,290	5,64,84,110	100.00

j) Distribution of Shareholding as on 31st March 2015

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5,000	7,448	20,75,156
5,001-10,000	1,518	13,70,556
10,001-20,000	490	8,10,026
20,001-30,000	191	4,98,506
30,001-40,000	84	3,12,976
40,001-50,000	112	5,37,632
50,001-1,00,000	127	9,23,645
1,00,001 and above	129	5,23,17,903
Total	10,099	5,88,46,400

k) Registrar and Share Transfer Agents

M/s.Cameo Corporate Services Limited, having its registered office at Subramanian Building, 5th Floor, No.1, Club House Road, Chennai - 600 002 are the Registrars and Share Transfer Agents of the Company, to whom communications regarding share transfer and grievances must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the Share Transfer Agent. Share transfers are processed within 15 days of lodgement.

l) Information in respect of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 1956 / 2013 dividends that remain unclaimed for a period of seven years from the date of payment are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The unclaimed dividend as on March 31, 2015 is as follows:

Nature of Dividend	Financial Year	Date of Payment of Dividend	Due Date for transferring to IEPF
Interim Dividend	2010-11	09.06.2011	08.06.2018
Final Dividend	2011-12	18.10.2012	17.10.2019
Final Dividend	2012-13	04.10.2013	03.10.2020
Final Dividend	2013-14	01.10.2014	30.09.2021

- ❖ Members are requested to note that as per the Companies Act, unclaimed dividend once transferred to IEPF will not be refunded.

m) Request to Investors

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- ❖ Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- ❖ Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- ❖ Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.
- ❖ It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- ❖ Shareholders holding shares in physical form, those who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form SH-13 to the Company or STA. Those holding shares in electronic form are advised to contact their DPs. The requisite form can be download from the company website.
- ❖ As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

n) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a Practising Company Secretary (PCS), reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical and demat form. Certificate on Reconciliation of Share Capital Audit issued by the Practising Company Secretary (PCS) were submitted to the Stock Exchange within the prescribed time limit. As on 31st March 2015 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in demat form with the depositories. 5,64,84,110 equity shares representing 95.99% of the paid up equity capital have been dematerialized as on 31st March 2015.



CORPORATE GOVERNANCE

o) Information to Shareholders

A brief resume of the director appointed / re-appointed together with the nature of his/her experience and details of the other directorships held by him/her is annexed to the Notice convening the Annual General Meeting.

p) Plant Locations

Manali	No.1/2-B, 33/5, Sathangadu Village, Tiruvottiur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone Nos. : 044 - 2594 1308 / 1309
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q) Address for Correspondence

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 : May 28, 2015

Arjun B.Kothari
Managing Director

**DECLARATION BY MANAGING DIRECTOR ON CODE OF CONDUCT
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2015.

for **Kothari Petrochemicals Limited**

Place: Chennai
Date : May 28, 2015

Arjun B.Kothari
Managing Director

CERTIFICATE UNDER SUB CLAUSE IX OF CLAUSE 49 OF LISTING AGREEMENT

We, Arjun B. Kothari, Managing Director and Cyrus Kallupurackal, Chief Financial Officer of the Company hereby confirm and certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended March 31, 2015 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 based on our most recent evaluations wherever applicable 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 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 : May 28, 2015

Cyrus Kallupurackal
Chief Financial Officer

Arjun B. Kothari
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of Kothari Petrochemicals Limited**

We have examined the compliance of conditions of Corporate Governance by Kothari Petrochemicals Limited, for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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 explanation 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.

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's No. 004137S

R. Rajaram
Partner
M.No.25210

Place: Chennai
Date: May 28, 2015

AUDITORS' REPORT**INDEPENDENT AUDITORS' REPORT****To the Members of Kothari Petrochemicals Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Kothari Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are 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 there under.

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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 to 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and 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 March 31, 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 paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) 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.
 - (e) On the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2015 from being appointed as a director in terms of section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditors report in accordance with Rule 11 of the Companies (Audits 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 has disclosed the impact of pending litigations on its financial position in its financial statements.
 - (ii) There was no amount which was required to be transferred to the Investor Education and Protection Fund.
 - (iii) The company did not have any contracts including long term derivative contracts for which there were any material foreseeable losses.

For **R.Subramanian and Company**
Chartered Accountants
Firm's No. 004137 S

R.Rajaram
Partner
M.No. 25210

Place : Chennai
Date : May 28, 2015

Annexure referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Report of even date to the members of Kothari Petrochemicals Limited on the accounts of the company for the year ended 31st March, 2015:

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
- (b) As explained to us, these fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (ii) (a) Inventories have been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts and were not material.
- (iii) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 .
- (vi) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and other material statutory dues, as applicable, with the appropriate authorities in India. No undisputed amounts payable in respect of the above statutory dues were in arrears as 31st March 2015 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, and Value Added Tax which have not been deposited on account of disputes. Dues of Excise Duty as on 31st March 2015 which have not been deposited on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Forum where the dispute is pending	Period of dispute (financial year)
Central Excise Act, 1944	Excise Duty	123.31	Joint Asst. Comm. Central Excise	2004 - 05 to 2010 - 11
Central Excise Act, 1944	Excise Duty	25.41	CESTAT	2007 - 08

- (c) There were no amount which was required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The company has no accumulated loss as at 31st March 2015. The company has not incurred cash loss in the financial year under report and in the immediately preceding financial year.
- (ix) The company has not defaulted in repayment of dues to banks.
- (x) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xi) The company has not taken and Term loans and hence the question on its application will not arise.
- (xii) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **R.Subramanian and Company**
 Chartered Accountants
 Firm's No. 004137 S

Place : Chennai
 Date : May 28, 2015

R.Rajaram
 Partner
 M.No. 25210

BALANCE SHEET AS AT MARCH 31, 2015

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I	<u>EQUITY AND LIABILITIES</u>			
1	Shareholders' Funds			
	(a) Share Capital	2	5,918.68	5,918.68
	(b) Reserves and Surplus	3	540.57	246.27
			6,459.25	6,164.95
2	Non-current liabilities			
	(a) Deferred tax liabilities (Net)	4	396.44	367.35
	(b) Other Long term liabilities	5	90.54	79.31
			486.98	446.66
3	Current liabilities			
	(a) Short-term borrowings	6	2,272.55	1,780.51
	(b) Trade payables	7	1,016.10	1,366.50
	(c) Other current liabilities	8	775.99	626.11
	(d) Short-term provisions	9	832.73	702.43
			4,897.37	4,475.55
	Total		11,843.60	11,087.16
II	<u>ASSETS</u>			
1	Non-current assets			
	(a) Fixed assets	10		
	(i) Tangible assets		5,186.39	4,700.73
	(ii) Intangible assets		0.15	-
	(iii) Capital work-in-progress		193.84	577.45
			5,380.37	5,278.18
	(b) Non-current investments	11	613.83	463.00
			613.83	463.00
	(c) Long-term loans and advances	12	25.02	14.42
			25.02	14.42
2	Current assets			
	(a) Current investments	13	580.77	630.23
	(b) Inventories	14	978.71	600.52
	(c) Trade receivables	15	2,385.56	3,087.60
	(d) Cash and Bank Balances	16	903.56	219.97
	(e) Short-term loans and advances	17	975.78	793.24
			5,824.38	5,331.56
	Total		11,843.60	11,087.16
	Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 42		

For and on behalf of the Board

As per our Report of even date

 For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

 Place: Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in Lakhs)

	Particulars	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
I	Revenue from operations (Gross)	18	30,697.18	36,784.43
	Less: Excise Duty		2,771.66	3,076.60
	Revenue from operations (Net)		27,925.52	33,707.83
II	Other income	19	301.07	270.63
III	Total Revenue (I + II)		28,226.59	33,978.46
IV	Expenses			
	Cost of materials consumed	20	21,390.74	26,053.41
	Changes in inventories of finished goods	21	(62.37)	183.09
	Other Direct Manufacturing Expenses	22	1,708.85	3,105.14
	Employee benefits expense	23	924.18	753.16
	Finance costs	24	248.00	124.71
	Depreciation and amortization expenses	10	254.26	199.21
	Other expenses	25	2,126.55	2,363.89
	Total expenses		26,590.21	32,782.61
V	Profit before exceptional and extraordinary items and tax (III-IV)		1,636.38	1,195.85
VI	Exceptional items		-	-
VII	Profit before tax (V-VI)		1,636.38	1,195.85
VIII	Tax expense:			
	a. Current Tax		476.80	366.48
	Less: MAT Credit Entitlement		-	(5.29)
	b. Deferred Tax		29.09	44.02
	Total Tax Expenses		505.89	405.21
IX	Profit (Loss) for the year (VII - VIII)		1,130.49	790.64
X	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(a) Basic (Rs.per Share)		1.92	1.34
	(b) Diluted (Rs.Per Share)		1.92	1.34
	Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 42		

For and on behalf of the Board

As per our Report of even date

 For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

 Place: Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

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

(₹ in Lakhs)

Particulars	31.03.2015	31.03.2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) after Extra-ordinary items	1636.38	1,195.85
Adjustments for		
Depreciation and Amortisation Expenses	254.26	199.21
Rental Income	(159.04)	(135.54)
Interest Income	(24.37)	(14.18)
Dividend Income	(18.97)	(26.04)
Finance Costs	193.83	98.52
Net gain on sale of Current Investments	(26.49)	(7.64)
Exchange Fluctuation Gain (Net)	(72.21)	(84.26)
Liability no Longer required Written Back	(9.00)	-
Provision Written off / (back) for Diminution in value of Investments	1.12	-
	139.13	30.08
Operating Profit before Working Capital changes	1,775.51	1,225.93
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets		
Inventories	(378.19)	441.38
Trade receivables	702.04	(945.72)
Exchange Fluctuation Gain (Net)	72.21	84.26
Short-term loans and advances	(182.54)	54.16
Long-term loans and advances	(96.40)	6.37
Adjustments for increase / (decrease) in operating Liabilities		
Trade payables	(350.40)	(61.20)
Other current liabilities	149.88	182.02
Other Long term liabilities	11.23	-
Short-term provisions	130.30	160.51
Increase / Decrease Other Payable	58.12	(78.22)
Less: Taxes Paid	391.00	350.00
Net Cash Generation from Operating Activities - A	1,442.63	797.71
B CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets	(484.39)	(633.01)
Redemption of Investment	(101.37)	(775.38)
Rental Income	159.04	135.54
Interest Income	24.37	14.18
Dividend Income	18.97	26.04
Net gain on sale of Current Investments	26.49	7.64
Provision Written off / (back) for Diminution in value of Investments	7.88	-
Net Cash from investing activities - B	(349.00)	(1,224.99)
C CASH FLOW FROM FINANCING ACTIVITIES		
Short-term borrowings	492.04	990.21
Finance Costs Paid	(193.83)	(98.52)
Dividend Paid	(708.25)	(688.47)
Net Cash from Financing activities - C	(410.04)	203.22
D Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C	683.59	(224.06)
E Cash and Cash equivalents at the beginning of the year	219.97	444.03
F Cash and Cash equivalents at the close of the year (Refer Note-16)	903.56	219.97

For and on behalf of the Board

As per our Report of even date

For **R.Subramanian and Company**
Chartered Accountants**Arjun B. Kothari**
Managing Director**P.N. Devarajan**
Director**R. Rajaram**
PartnerPlace : Chennai
Date : May 28, 2015**S. Sundaramurthy**
Company Secretary**Cyrus Kallapurackal**
Chief Financial Officer

Note 1:**A. CORPORATE INFORMATION:**

Kothari Petrochemicals Limited (Company) was incorporated on 28th April, 1989. The Corporate Identification Number (CIN) is L11101TN1989PLC017347. The company is into manufacture of chemicals since its inception in 1989 and at present the company is one of the largest producers of Poly Iso Butene (PIB) in India.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**1. BASIS OF ACCOUNTING**

The financial statements of M/s.Kothari Petrochemicals Limited "the Company" have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified 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 ("the 2013 Act") / Companies Act, 1956 ("the Act 1956"), as applicable. The statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. USE OF ESTIMATES

The preparation of the financial statements is in conformity with the generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures relating to contingent assets and liabilities as at the date of financial statements and the results of operations during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. However, the actual results could differ from these estimates.

3. FIXED ASSETS AND DEPRECIATION

- a. Fixed assets are recorded at cost and includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.
- b. Depreciation on tangible fixed assets acquired after 01st April 2014 are provided under straight line method based on the useful life of the assets and in accordance with Schedule II to the Companies Act, 2013 and reckoning the maximum residual value @ 5% of the original cost of the asset. Assets acquired prior to 01st April 2014, the carrying amount as on 01st April 2014 is depreciated over the remaining useful life of the asset. In respect of assets costing up to Rs.5,000/- the Company has fully depreciated considering the materiality aspect in the year of acquisition.

4. IMPAIRMENT OF ASSETS

The company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

5. RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on research and development activities is expensed. Fixed assets, relating to research and development are capitalized and depreciation provided there on.

6. INVENTORIES

- a. Raw Materials and Chemicals, Fuel and Stores and Spares are valued at weighted average cost. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition
- b. Finished Stocks are valued at cost (including applicable overheads and Excise Duty) or net realizable values whichever is lower. Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock.
- 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.

7. REVENUE AND EXPENDITURE RECOGNITION

- a. Sale of Finished Goods is recognized upon despatch of goods. Sales are accounted net of Excise Duty, returns, Sales Tax and freight.
- b. Interest income is recognized using time proportion method.
- c. Dividend Income is accounted when the right to receive is established.

NOTES FORMING PART OF FINANCIAL STATEMENTS**8. FOREIGN EXCHANGE TRANSACTION**

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/gain are dealt with in the Statement of Profit & Loss.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange/gain loss is suitably dealt with in the Statement of Profit & Loss.

9. INVESTMENTS

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current Investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

10. EMPLOYEE BENEFITS**a. 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 is required to contribute a specified percentage of payroll cost to the Employees Provident Fund Scheme, 1952 to fund the benefits. The interest as declared by the Government from time to time accrues to the credit of the employees under the scheme. 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.

b. Defined Benefit Plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, 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. Liability for unavailed leave for a section of the workmen for whom it is considered as a long term benefit is actuarially valued and provided for but is not funded. Liability for unavailed leave for other employees considered as short term benefits and provided according in the books of accounts.

11. TAXATION

- a. Current tax is determined on the profit for the year in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

12. SEGMENT REPORTING

- a. The accounting policies adopted for segmenting reporting are in line with the accounting policies of the company.
- b. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognized, but are disclosed in the notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

14. LEASE

Leases in which a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases. Rental payments made under operating leases are charged to the Statement of Profit and Loss.

The company has leased certain tangible assets and such leases where the company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases is recognized in the Statement of Profit and Loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 2:

I	SHARE CAPITAL	As at 31st March, 2015		As at 31st March, 2014	
		Number	Rs.in Lacs	Number	Rs.in Lacs
a	AUTHORISED: PREFERENCE SHARE CAPITAL Redeemable Preference shares of Rs.100/- each	6,00,000	600.00	6,00,000	600.00
	EQUITY SHARE CAPITAL Equity Shares of Rs.10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
b	ISSUED Equity Shares of Rs.10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
c	SUBSCRIBED AND PAID UP Equity Shares of Rs.10/- each Fully Paid up	5,88,46,400	5,884.64	5,88,46,400	5,884.64
d	SUBSCRIBED AND PARTLY PAID UP AND HENCE FORFIETED	-	34.04	-	34.04
	Total (c + d)	5,88,46,400	5,918.68	5,88,46,400	5,918.68

II Reconciliation of Number of Shares				
Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Value (Rs.in Lacs)	Number	Value (Rs.in Lacs)
Equity Shares				
Share Holding at the beginning of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68
Share Holding at the end of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68

III List of shareholders holding more than 5% of the total No. of Shares issued by the Company.					
Sl. No.	Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	BHK Trading Pvt. Ltd.	2,94,45,812	50.04%	6,00,000	1.02%
2	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%
3	Spellbound Trading Pvt. Ltd.	-	-	1,05,50,812	17.93%
4	Parasakthi Trading Co. Pvt. Ltd.	-	-	60,00,000	10.20%
5	Riti Holdings & Trading Pvt. Ltd.	-	-	60,00,000	10.20%
6.	Ragini Synthetics Trading Pvt. Ltd.	-	-	60,00,000	10.20%

IV Shares held by Holding Company

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
BHK Trading Private Limited	2,94,45,812	50.04%	6,00,000	1.02%

Note: The Company has issued only one class of Equity Shares having par value of Rs.10/- each. Each holder of Equity Share is entitled to one vote per share.

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note 3:		
RESERVES & SURPLUS		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance	0.40	0.40
b. Surplus in Statement of Profit and loss		
Opening balance	245.87	143.70
Add: Net Profit For the year	1,130.49	790.64
Less: Depreciation as per Schedule II-(Refer Note 41)	127.92	0.00
Less: Proposed Dividend	588.46	588.46
Less: Dividend Tax on Proposed Dividend	119.80	100.01
Closing Balance	540.17	245.87
Total	540.57	246.27
Note 4:		
Deferred Tax Liability (Net)		
Deferred Tax Liability		
- Depreciation on Fixed Assets	401.69	372.86
Deferred Tax Asset		
- Provision for Employee Benefits, etc.,	5.24	5.51
Deferred Tax Liability (Net)	396.44	367.35
Note 5:		
Other Long Term Liabilities		
Others		
Deposits	56.36	52.56
Other Payables	34.19	26.75
Total	90.54	79.31
Note 6:		
Short Term Borrowings		
(a) Loans repayable on demand from Banks - Secured		
i) Cash Credit - Indian Bank	2,272.55	536.38
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
ii) Packing Credit - Indian Bank	-	644.13
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
(b) Unsecured Loan		
Unsecured Loan from Related Party	-	600.00
Total	2,272.55	1,780.51
Note 7:		
Trade payables		
Current	1,016.10	1,366.50
Total	1,016.10	1,366.50

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note 8:		
Other Current Liabilities		
(a) Unpaid dividends	37.27	22.18
(b) Other payables		
Statutory Liabilities	147.64	113.28
Advance from Customers	238.54	214.21
Employee Benefits -Funded	12.62	2.24
Others	339.92	274.20
Total	775.99	626.11
Note 9:		
Short Term Provisions		
Proposed Dividend	588.46	588.46
Tax on Proposed Dividend	119.80	100.01
Provision for Employee Benefits	57.64	13.96
Provision for Taxation	66.83	-
Total	832.72	702.43
Note 11:		
Non Current Investment		
Investment in Foreign Subsidiary		
Kothari Petrochemicals Pte. Ltd., Singapore 1,00,000 shares (Previous Year 75,000 shares) of USD 10 each fully paid up (unquoted, at cost)	613.83	463.00
Total	613.83	463.00
Note 12:		
Long Term Loans and Advances		
Unsecured, considered good		
Advance Tax and Tax Deducted at Source (Net of Provision and MAT credit)	25.02	14.42
Total	25.02	14.42

**Note 10:
Fixed Assets**

₹.in Lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2014	Additions	Deletions	As on 31.03.2015	As on 01.04.2014	Depreciation charge for the year	Adjustment	Deductions on Disposals	As on 31.03.2015	As on 31.03.2015	As on 31.03.2014
a Tangible Assets											
Land	278.47	-	-	278.47	-	-	-	-	-	278.47	278.47
Undivided Share of Land	192.53	24.88	-	217.41	-	-	-	-	-	217.41	192.53
Buildings	1,364.57	79.48	-	1,444.05	173.00	112.82	20.94	-	306.75	1,137.30	1,191.57
Buildings given on Lease	1,445.24	57.96	-	1,503.20	50.66	23.70	-	-	74.36	1,428.84	1,394.57
Plant & Machinery	2,273.71	679.94	-	2,953.65	727.98	95.62	95.57	-	919.17	2,034.48	1,545.73
Furniture & Fittings	42.64	0.99	-	43.62	7.93	4.18	-	-	12.12	31.51	34.71
Vehicles	58.33	10.84	-	69.18	34.70	7.66	0.46	-	42.82	26.36	23.63
Office Equipment	24.03	11.03	-	35.06	7.98	2.99	10.46	-	21.43	13.63	16.05
Computers	45.74	2.71	-	48.45	22.27	7.28	0.50	-	30.05	18.40	23.47
Total - a	5,725.26	867.83	-	6,593.08	1,024.53	254.24	127.93	-	1,406.69	5,186.39	4,700.73
b Intangible Assets											
Intangible Assets-Software	-	0.17	-	0.17	-	0.02	-	-	0.02	0.15	-
Total - b	-	0.17	-	0.17	-	0.02	-	-	0.02	0.15	-
Total (a+b)	5,725.26	868.00	-	6,593.25	1,024.53	254.26	127.93	-	1,406.71	5,186.53	4,700.73
Previous year	5,674.69	55.56	-	5,730.25	830.31	199.21	-	-	1,029.53	5,278.19	4,844.38

Note 13:

(₹. in Lacs)

UNITS		NET ASSET VALUE		CURRENT INVESTMENTS	COST	
As at 31.03.2015 Nos.	As at 31.03.2014 Nos.	As at 31.03.2015	As at 31.03.2014		As at 31.03.2015	As at 31.03.2014
				INVESTMENTS IN MUTUAL FUNDS (UNQUOTED)		
16,45,130	-	167.16	-	MF - HDFC Floating Rate Income Fund - STP - Direct - MDR	168.28	
				Less: provision For Diminution In Value	1.12	167.16
15,802	-	160.78	-	MF - Reliance Money Manager Fund - INSTL - Monthly Dividend		160.42
1,35,994	-	253.39	-	MF - Birla Sun Life Floating Rate Fund - STP - Growth - Direct Plan		253.19
-	88,731	-	218.42	Birla Sun Life Savings Fund - Growth - Direct		-
-	11,62,062	-	254.70	HDFC Floating Rate Income Fund -STP-WS-Direct-GR		-
-	8,507	-	150.14	Reliance Money Manager Fund -MDR-Direct		-
-	80,000	-	8.58	ICICI Prudential FMP - Series 68-369 Days Plan 1-Cumulative		-
		581.33	631.84	Total		580.77
						630.23

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 14		
Inventories		
a. Raw Materials and components	460.33	256.16
b. Raw Materials in transit	277.05	169.82
c. Finished goods	117.10	54.73
d. Stores and spares	121.94	116.25
e. Packing Material	2.30	3.56
For Mode of Valuation, refer Note-1 - B - (6)	Total	978.71
		600.52
Note - 15		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	2,383.85	3,086.52
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	1.71	1.08
	Total	2,385.56
		3,087.60
Note - 16		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	0.90	0.43
b. Balances with banks		
(i) Current Accounts	556.48	92.73
	Total	557.38
		93.16
ii Other Bank Balances		
a. Unpaid dividend accounts	37.27	22.18
b. Balances with Bank to the extent held as Margin Money	308.91	104.63
	Total	346.18
		126.81
	Total (i+ii)	903.56
		219.97
Note 17:		
Short-term loans and advances		
Unsecured, considered good		
i Other Customer Recoverables	22.27	50.43
ii Employee Advance	5.08	0.71
iii Deposits	208.68	180.93
iv Prepaid Expenses	19.82	18.27
v Balance with Statutory Authorities		
- With Customs & Central Excise Authorities	130.46	198.75
vi Advance to suppliers	589.46	344.15
	Total	975.78
		793.24

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 18		
Revenue from Operations		
Sale of Products		
Polybutene	24,846.56	28,281.80
LPG	4,772.88	7,635.22
Light Polymer	880.28	647.10
Others	84.95	62.82
Other Operating revenues		
Sale of Scrap	8.14	11.79
Duty Drawback on Exports	82.18	122.80
Insurance Claim	3.02	0.48
Excise Duty on Stock Differential	(6.99)	20.14
Liabilities no Longer required written Back	9.00	-
Miscellaneous Income	17.18	2.28
Total	30,697.18	36,784.43
Note - 19		
Other income		
Rental Income	159.04	135.54
Interest Income	24.37	14.18
Dividend Income	18.97	26.04
Net gain on sale of Current Investments	26.49	7.64
Provision on dimunition of Investment written back	-	2.98
Exchange Fluctuation gain/loss	72.21	84.26
Total	301.07	270.63
Note - 20		
Cost of Materials Consumed		
C4 Feed	21,261.40	25,939.31
Aluminium Chloride	18.92	18.64
Caustic Soda	109.14	94.25
Others	1.27	1.21
Total	21,390.74	26,053.41
Note - 21		
Changes in inventories of Finished Goods		
Opening Stock	54.73	237.82
Closing Stock	117.10	54.73
Total	(62.37)	183.09
Note - 22		
Other Direct Manufacturing Expenses		
Power & Fuel	1,276.68	2,015.88
Water	86.18	82.61
Stores Consumed	346.00	1,006.65
Total	1,708.85	3,105.14

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 23		
Employee Benefits Expenses		
Salaries, Wages and Bonus	744.63	601.02
Contributions to Provident & Other Funds	58.55	44.15
Staff welfare expenses	121.00	107.99
Total	924.18	753.16
Note - 24		
Finance Costs		
Interest expense	193.83	98.52
Other borrowing costs	54.17	26.19
Total	248.00	124.71
Note - 25		
Other Expenses		
Rent	137.09	113.65
Repairs & Maintenance - P&M	483.83	375.80
Repairs & Maintenance - Buildings	123.41	191.32
Repairs & Maintenance - Others	56.90	52.89
Insurance	61.41	64.32
Packing Materials	245.52	212.73
Freight Charges	179.73	326.57
Rates & Taxes	196.39	206.09
Travelling Expenses	141.68	282.11
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.70
- Tax Audit	0.40	0.10
Sitting Fee to Directors	3.32	2.95
Legal and Professional charges	82.90	74.64
Commission and Discount	181.48	320.44
Interest on Income Tax	2.13	-
Provision for Diminution in value of Investments	1.12	-
Printing & Stationery	12.52	15.02
Telephone Expenses	15.78	18.65
Corporate Social Responsibility	16.75	-
Donation	40.12	35.11
Administration & Miscellaneous Expense	141.36	68.80
Total	2,126.55	2,363.89

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 26: Excise Duty

Excise Duty on sales for the year has been 'disclosed as reduction' from the Turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in "other operating revenue under Note 18" for the current year.

Note 27: Commitments

Estimated amount of Contracts remaining to be executed on capital account for Rs.6.19 Lacs (Previous year Rs.19.92 Lacs)

Note 28 : Contigent Liability

Excise Duty demands against which the company has filed appeals and for which no provision is considered, as out come of appeals is not ascertainable at this stage is Rs.154.72 lacs. (Previous year Rs.154.72 lacs).

Note 29: Value of Raw Materials, Chemicals and Stores and Spares consumed

Particulars	31.03.2015		31.03.2014	
	Value (Rs. In Lacs)	%	Value (Rs. In Lacs)	%
Raw Materials & Chemicals				
a) Imported	1,253	5.86%	-	-
b) Indigenous	20,138	94.14%	26,053	100%
Total	21,391	100%	26,053	100%
Stores & Spares				
a) Imported	-	-	49	4.83%
b) Indigenous	346	100%	958	95.17%
Total	346	100%	1,007	100%

Note 30: CIF Value of Imports

(₹. In Lacs)

Particulars	31.03.2015	31.03.2014
a) Stores	NIL	48.54
b) Capital Goods	NIL	NIL

Note 31: Expenditure incurred in Foreign Currency

(₹. In Lacs)

Particulars	31.03.2015	31.03.2014
a) Travelling	81	119
b) Professional Charges	Nil	7
c) Commission	28	83

Note 32: Related Part Transactions:

Refer separate working on Related Party Transactions in Annexure - I at Page Nos. 67 - 68

Note 33: Earnings in Foreign Currency Realised During the year

(₹. In Lacs)

Particulars	31.03.2015	31.03.2014
Export Sales	5,168	6,403

Note 34: Employee Benefits:

Liability to existing employees of the company in respect of gratuity is covered under a common insurance policy administered by a Trust maintained for the participating enterprises viz. Kothari Sugars & Chemicals Limited (KSCL) and Kothari Petrochemicals Limited (KPL). The actuarial valuation is done by an independent external valuer under the projected unit credit method to ascertain the liability enterprise wise. The net defined benefit is recognised in the financial statement as a cost equal to their contribution payable estimated.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The company has recognised Rs.3.69 Lacs (previous year Rs.Nil) in the Statement of Profit & Loss for the year ended 31st March 2015.

(₹. In Lacs)

Particulars	2014-15	2013-14
Basic Assumptions	Indian Assured Lives (2006 – 08) Mortality Table Ultimate	
Date of Valuation:	31-03-2015	31-03-2014
Rate of Discount (p.a)	7.80%	8.00%
Rate of Salary Escalation	6.50%	6.50%
Employee Attrition Rate due to reasons other than death or retirement	2.00%	2.00%
Rate of Return on Plan Assets	8.70%	8.70%
Projected benefit obligation at the beginning of the period	301.33	323.31
Current service cost	77.26	47.68
Interest cost	22.80	25.83
Actuarial loss / (gain)	(22.10)	(56.49)
Benefits paid	(32.68)	(39.01)
Projected benefit obligation at the end of the period	346.61	301.32
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	(346.60)	(301.32)
Fair value of plan assets at end of the period	307.20	312.28
Liability recognized in the balance sheet	(39.40)	(10.95)
Cost for the period		
Current service cost	77.26	47.68
Interest cost	22.80	25.83
Expected return on plan assets	(25.75)	(24.76)
Net actuarial (gain)/loss recognized in the period	(23.97)	(59.70)
Total	50.34	(10.95)
Less: Share of contribution of Associate Company	46.65	3.61
Net Cost recognized in Statement of Profit & Loss.	3.69	-

Note 35: Segment reporting**Segment Information :**

- The company has only one primary business segment that of Manufacturing Poly Iso Butene.
- Secondary Reporting Segment (by Geographical Segment)

(₹. In Lacs)

Geographical segments	Revenue for the year ended March 31, 2015	Revenue for the year ended March 31, 2014
Outside India	5,168	6,403
India	23,059	27,575
Total	28,227	33,978

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 36: Micro, Small and Medium Enterprises Development Act, 2006:

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

Note 37: Operating Lease

A sum of Rs.137.09 Lacs (previous Year Rs.113.63 Lacs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.

Note 38: Earnings per Share

Particulars	31.03.2015	31.03.2014
Face Value per Share (Rs.)	10	10
Weighted Average No. of Shares	5,88,46,400	5,88,46,400
Profit after Tax (Rs. in Lacs)	1,130.49	790.64
Basic and Diluted Earnings Per Share (Rs.)	1.92	1.34

Note 39: Acknowledgement of Balances

Balances in Trade Receivables, Loans and Advances and Deposits include items which are in the process of confirmation and have, in the opinion of the management a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. Trade Payables are stated at a value they are liable to be paid.

Note 40: Urban Land Tax

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 process for registration of Land.

Note 41: Depreciation

The Company has changed the method of providing Depreciation from 1st April 2014 as required by Companies Act, 2013. Depreciation is hence provided in accordance with Schedule II for the current year as against the rates specified Schedule XIV to the companies Act, 1956 adopted in the previous year. As a result Depreciation in the current year higher by Rs.24.50 lacs.

Further in respect of assets whose remaining useful life as prescribed in Schedule II to Companies Act 2013 is Nil, their carrying amounts as on 01st April 2014 after retaining the residual value aggregating to Rs.127.92 (excluding Deferred Tax Rs.43.48 lacs) has been taken to Reserves and Surplus.

Note 42: Previous Year Figures

Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosure.

For and on behalf of the Board

As per our Report of even date
 For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

Place: Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

Annexure - I: Related Party Transactions (Note 32)**Related party disclosures - As identified by the Management and relied upon by the Auditors**

- (i) Parties with Significant influence (Direct and Indirect)
- | | |
|--------------------------|---|
| Promoter Company | Kothari Sugars & Chemicals Ltd. |
| Holding Company | BHK Trading Pvt. Ltd. |
| Company in Joint Control | Kothari International Trading Ltd. |
| Company in Joint Control | Santoor Commercials Pvt. Ltd. |
| Company in Joint Control | Kothari Biotech Ltd. |
| Company in Joint Control | Kothari Safe Deposits Ltd. |
| Company in Joint Control | Century Foods Pvt. Ltd. |
| Company in Joint Control | Parvathi Trading & Finance Co. Pvt. Ltd. |
| Company in Joint Control | HCK NAPC Mines and Ores Pvt. Ltd. |
| Company in Joint Control | Parasakthi Trading Co. Pvt. Ltd. |
| Affiliated Trust | HCK Education and Development Trust |
| Wholly owned Subsidiary | Kothari Petrochemicals Pte. Ltd., Singapore |
| Step down Subsidiary | Kothari Petrochemicals HK Ltd., Hong Kong |
| Chairman | Mr. B H Kothari (till 22nd February 2015) |
- (ii) Key Management Personnel

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Kothari Biotech Ltd.		Kothari Safe Deposits Ltd.		Kothari International Trading Limited		Parasakthi Trading Co. Pvt. Limited	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rent	-	-	15.60	12.35	-	-	16.64	9.70	-	-	30.00	30.00
Commission Paid	-	-	-	-	-	-	-	-	86.70	173.61	-	-
Interest	-	-	-	-	-	-	-	-	-	-	24.08	8.01
Common Expenses	42.10	56.21	-	-	0.92	0.38	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	0.09	0.09	-	-	-	-
Professional Services	277.40	151.80	-	-	-	-	-	-	-	-	-	-
Sales Revenue	0.86	-	-	-	-	-	-	-	-	-	-	-
Advance paid	-	127.00	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances-Receiveable	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-	600.00	600.00
Rent Advance	-	-	-	-	-	-	-	13.80	-	-	-	-
Salary & Commission	-	-	-	-	-	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	Nil	127	Nil	Nil	0.14 CR	0.03 CR	Nil	Nil	3.30 CR	Nil	Nil	600.00 CR

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)									
	Santoor Commercials Pvt. Limited		Key Management Personnel		Kothari Petochemicals Pte. Limited		Kothari Petrochemicals HK Limited		HCK Educational and Development Trust	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rent	48.00	28.00	-	-	-	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Sales Revenue	-	-	-	-	-	-	1,340.31	47.07	-	-
Advance paid	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	150.83	463.00	-	-	-	-
Outstanding Balances-Receiveable	-	-	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	-	-	-	-
Salary & Commission	-	-	76.32	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	17	-
Closing Balance	Nil	Nil	27.46 CR	Nil	614.00	463.00	150.44	47.07	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS

Form AOC - I

(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

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

Sl. No.	Name of the subsidiary	Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) (Wholly Owned Subsidiary)	Kothari Petrochemicals HK Ltd., Honk Kong (KPL HK) (Step down Subsidiary)
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD 1 USD=Rs.62.5908	USD 1 USD=Rs.62.5908
3	Share capital	Rs.6,25,90,800	Rs.46,94,310
4	Reserves & Surplus	(Rs.7,75,187)	Rs.71,55,313
5	Total assets	Rs.6,20,40,877	Rs.8,05,22,786
6	Total Liabilities	Rs.2,25,264	Rs.6,86,73,164
7	Investments	Nil	Rs.5,31,67,625
8	Turnover (average rate)	Nil	Rs.14,32,91,106
9	Profit before taxation (average rate)	(Rs.5,32,465)	Rs.68,34,826
10	Provision for taxation	Nil	NIL
11	Profit after taxation (average rate)	(Rs.5,32,465)	Rs.68,34,826
12	Proposed Dividend	None	None
13	% of shareholding	100%	100% held by KPL SG
14	Names of subsidiaries which are yet to commence operations	None	None
15	Names of subsidiaries which have been liquidated or sold during the year.	None	None

Note: The Company doesn't have any Associate or Joint Venture.

For and on behalf of the Board

As per our Report of even date

For **R.Subramanian and Company**
Chartered Accountants

Arjun B. Kothari
Managing Director

P.N. Devarajan
Director

R. Rajaram
Partner

Place: Chennai
Date : May 28, 2015

S. Sundaramurthy
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**To the Members of Kothari Petrochemicals Limited****Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Kothari Petrochemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which comprise of the Consolidated Balance Sheet as at 31st March 2015, Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date..

Other Matters

We did not audit the Consolidated financial statements / financial information of Kothari Petrochemicals Pte.Ltd., Singapore and its step down subsidiary Kothari Petrochemicals HK Ltd., Hongkong, whose financial statements / financial information reflect total assets of Rs. 846.67 lakhs as at 31st March, 2015, total revenues of Rs.1,447.57 lakhs and net cash flows amounting to Rs. (321.15) lakhs for the year ended on that date, as considered in the consolidated financial statements. These Consolidated financial statements / financial information of company audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements / financial information certified by the Management.

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, is applicable to the auditor's report of the Holding company, and is not applicable to the subsidiary companies as they are incorporated outside India, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable to the holding company.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purpose so far our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding Company, are disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act and this clause is not applicable to the subsidiary companies as they are incorporated outside India.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group, did not have any material foreseeable loss on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and this clause is not applicable to the subsidiary companies as they are incorporated outside India.

For **R.Subramanian and Company**
Chartered Accountants
Firm's No. 004137 S

R. Rajaram
Partner
M.No.25210

Place : Chennai
Date : May 28, 2015

Annexure referred to in Paragraph 1 under the heading “Report on other legal and regulatory requirements “of our Report of even date to the members of Kothari Petrochemicals Limited on the Consolidated accounts of the company for the year ended 31st March, 2015:

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
- (b) As explained to us, these fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (ii) (a) Inventories have been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts and were not material.
- (iii) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Holding Company and according to the information and explanations given to us, no major weakness has not been noticed or reported.
- (v) The Holding Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 .
- (vi) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and based on the records of the Holding Company examined by us, the Holding Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-Tax, Sales - Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and other material statutory dues, as applicable, with the appropriate authorities in India. No undisputed amounts payable in respect the above statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and based on the records of the Holding Company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, and value added tax which have not been deposited on account of disputes. Dues of Excise Duty as on 31st March 2015 which have not been deposited on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Forum where the dispute is pending	Period of dispute (financial year)
Central Excise Act, 1944	Excise Duty	123.31	Joint Asst. Comm. Central Excise	2004 - 05 to 2010 - 11
Central Excise Act, 1944	Excise Duty	25.41	CESTAT	2007 - 08

- (c) There were no amounts which was required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding Company has no accumulated loss as at 31st March 2015. The Holding Company has not incurred cash loss in the financial year under report and in the immediately preceding financial year.
- (ix) The Holding Company has not defaulted in repayment of dues to banks.
- (x) The Holding Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xi) The Holding Company has not taken any term loan and hence the question on its application will not arise.
- (xii) During the course of our examination of the books and records of the Holding Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Holding Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **R.Subramanian and Company**
Chartered Accountants
Firm’s No. 004137 S

R. Rajaram
Partner
M.No.25210

Place : Chennai
Date : May 28, 2015

(₹ in Lakhs)

		Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I		<u>EQUITY AND LIABILITIES</u>			
	1	Shareholders' Funds			
		(a) Share Capital	2	5,918.68	5,918.68
		(b) Reserves and Surplus	3	618.12	233.31
				6,536.80	6,151.99
	2	Non-current liabilities			
		(a) Deferred tax liabilities (Net)	4	396.44	367.35
		(b) Other Long term liabilities	5	90.54	79.31
				486.98	446.66
	3	Current liabilities			
		(a) Short-term borrowings	6	2,272.55	1,780.51
		(b) Trade payables	7	1,016.10	1,366.50
		(c) Other current liabilities	8	780.82	629.48
		(d) Short-term provisions	9	832.73	702.43
				4,902.20	4,478.92
		Total:		11,925.98	11,077.57
II		<u>ASSETS</u>			
	1	Non-current assets			
		(a) Fixed assets	10		
		(i) Tangible assets		5,186.39	4,700.73
		(ii) Intangible assets		0.15	-
		(iii) Capital work-in-progress		193.84	577.45
				5,380.37	5,278.18
		(b) Long-term loans and advances	11	25.02	14.42
				25.02	14.42
	2	Current assets			
		(a) Current investments	12	1,112.45	630.23
		(b) Inventories	13	978.71	600.52
		(c) Trade receivables	14	2,395.05	3,090.30
		(d) Cash and Bank Balances	15	1,051.79	670.68
		(e) Short-term loans and advances	16	982.59	793.24
				6,520.59	5,784.97
		Total:		11,925.98	11,077.57
		Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 41		

For and on behalf of the Board

As per our Report of even date

 For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

 Place: Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

(₹in Lakhs)

	Particulars	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
I.	Revenue from operations (Gross)	17	30,789.78	36,786.55
	Less: Excise Duty		2,771.66	3,076.60
	Revenue from operations Net)		28,018.12	33,709.95
II.	Other income	18	315.72	271.23
III.	Total Revenue (I + II)		28,333.84	33,981.18
IV.	Expenses:			
	Cost of materials consumed	19	21,400.05	26,053.41
	Changes in inventories of finished goods	20	(62.37)	183.09
	Other Direct Manufacturing Expenses	21	1,708.85	3,105.14
	Employee benefits expense	22	924.18	753.16
	Finance costs	23	248.00	124.71
	Depreciation and amortization expenses	10	254.26	199.21
	Other expenses	24	2,161.47	2,367.32
	Total expenses		26,634.44	32,786.04
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,699.40	1,195.14
VI.	Exceptional items		-	-
VII	Profit before tax (V-VI)		1,699.40	1,195.14
VIII	Tax expense:			
	a. Current Tax		476.80	366.48
	Less MAT Credit Entitlement		-	(5.29)
	b. Deferred Tax		29.09	44.02
	Total Tax Expenses		505.89	405.21
IX	Profit (Loss) for the year (VII - VIII)		1,193.51	789.93
X	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(1) Basic (Rs.per Share)		2.03	1.34
	(2) Diluted (Rs.Per Share)		2.03	1.34
	Significant Accounting Policies & Notes to Accounts forming part of financial statements	1-41		

For and on behalf of the Board

As per our Report of even date

For **R.Subramanian and Company**
Chartered Accountants**Arjun B. Kothari**
Managing Director**P.N. Devarajan**
Director**R. Rajaram**
PartnerPlace: Chennai
Date : May 28, 2015**S. Sundaramurthy**
Company Secretary**Cyrus Kallapurackal**
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

(₹ in Lakhs)

Particulars	31.03.2015		31.03.2014	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) after Extra-ordinary items		1,699.40		1,195.14
Adjustments for :				
Depreciation and Amortisation Expenses	254.26		199.21	
Rental Income	(159.04)		(135.54)	
Interest Income	(24.37)		(14.18)	
Dividend Income	(33.62)		(26.04)	
Finance Costs	193.83		98.52	
Net gain on sale of Current Investments	(26.49)		(7.64)	
Exchange Fluctuation Gain (Net)	(72.21)		(84.86)	
Liability no Longer required Written Back	(9.00)		-	
Provision Written off / (back) for Diminution in value of Investments	1.12		-	
		124.48		29.48
Operating Profit before Working Capital changes		1,823.88		1,224.62
Changes in Working Capital				
- Adjustments for (increase) / decrease in operating assets				
Inventories	(378.19)		441.38	
Trade receivables	695.25		(948.42)	
Exchange Fluctuation Gain (Net)	72.21		84.86	
Short-term loans and advances	(189.35)		54.16	
Long-term loans and advances	(96.40)		-	
- Adjustments for increase / (decrease) in operating Liabilities				
Trade payables	(322.91)		(61.20)	
Other current liabilities	151.34		185.39	
Other Long term liabilities	11.23		-	
Short-term provisions	130.30		154.64	
Increase / Decrease Other Payable		73.47		(89.20)
Less: Taxes Paid		391.00		350.00
Net Cash Generation from Operating Activities - A		1,506.35		785.42
B CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assets		(484.39)		(633.01)
Redemption of Investment		(482.22)		(312.38)
Rental Income		159.04		135.54
Interest Income		24.37		14.18
Dividend Income		33.62		26.04
Net gain on sale of Current Investments		26.49		7.64
Provision Written off / (back) for Diminution in value of Investments		7.88		-
Net Cash from investing activities - B		(715.20)		(761.99)
C CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings		492.04		990.21
Finance Costs Paid		(193.83)		(98.52)
Dividend Paid		(708.25)		(688.47)
Net Cash from Financing activities - C		(410.04)		203.22
D Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C		381.11		226.65
E Cash and Cash equivalents at the beginning of the year		670.68		444.03
F Cash and Cash equivalents at the close of the year (Refer Note-15)		1,051.79		670.68

For and on behalf of the Board

 As per our Report of even date
 For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

 Place : Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallapurackal
 Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
Note 1:
A. CORPORATE INFORMATION:

Kothari Petrochemicals Limited (Company) was incorporated on 28th April, 1989. The Corporate Identification Number (CIN) is L11101TN1989PLC017347. The parent company is into manufacture of chemicals since its inception in 1989. The company to expand its global footprint has formed two wholly owned subsidiaries namely Kothari Petrochemicals Pte. Ltd. at Singapore and a step down subsidiary Kothari Petrochemicals HK Ltd. at Hong Kong during the year 2013-14.

The parent company and the above two subsidiaries are referred to as the "Group".

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS
(a) Basis of consolidation and significant accounting policies

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified 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 ("the 2013 Act")/ Companies Act, 1956 ("the Act 1956"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Principles of consolidation

The consolidated financial statements relate to Kothari Petrochemicals Limited (the 'Parent') and of the consolidated financial statements of its wholly owned subsidiary Kothari Petrochemicals Pte. Ltd., and its step down subsidiary Kothari Petrochemicals HK Ltd., (Collectively referred to as the 'Group'). The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Parent i.e. 31 March, 2015.
- (ii) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra group balances, intra group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- (iii) Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the Company	Relation ship	Country of Incorporation	Percentage of holding and voting power	
			As at 31 March, 2015	As at 31 March, 2014
Kothari Petrochemicals Pte.Ltd., (Held Directly)	Subsidiary	Singapore	100	100
Kothari Petrochemicals HK Ltd., (Held Indirectly)*	Step down Subsidiary	Hong Kong	100	100

* 100% subsidiary of Kothari Petrochemicals Pte. Ltd., Singapore.

2. USE OF ESTIMATES

The preparation of the Consolidated financial statements is in conformity with the generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures relating to contingent assets and liabilities as at the date of financial statements and the results of operations during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. However, the actual results could differ from these estimates.

3. FIXED ASSETS AND DEPRECIATION

- a. Fixed assets are recorded at cost and includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of assets up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.
- b. Depreciation on tangible fixed assets acquired after 01st April 2014 are provided under straight line method based on the useful life of the assets and in accordance with Schedule II to the Companies Act, 2013 and reckoning the maximum residual value @ 5% of the original cost of the asset. Assets acquired prior to 01st April 2014, the carrying amount as on 01st April 2014 is depreciated over the remaining useful life of the asset. In respect of assets costing up to Rs.5,000/- the Company has fully depreciated considering the materiality aspect in the year of acquisition.

4. IMPAIRMENT OF ASSETS

The company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

5. RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on research and development activities is expensed. Fixed assets, relating to research and development are capitalized and depreciation provided there on.

6. INVENTORIES

- a. Raw Materials and Chemicals, Fuel and Stores and Spares are valued at weighted average cost. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition
- b. Finished Stocks are valued at cost (including applicable overheads and Excise Duty) or net realizable values whichever is lower. Excise Duty payable on manufactured finished goods held in the factory is included in the value of closing stock.
- 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.

7. REVENUE RECOGNITION

- a. Sale of Finished Goods is recognized upon despatch of goods. Sales are accounted net of Excise Duty, Returns, Sales Tax and Freight.
- b. Interest income is recognized using time proportion method.
- c. Dividend Income is accounted when the right to receive is established.

8. FOREIGN EXCHANGE TRANSACTION

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/gain are dealt with in the Statement of Profit & Loss.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange/gain loss is suitably dealt with in the Statement of Profit & Loss.

9. INVESTMENTS

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current Investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**10. EMPLOYEE BENEFITS****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 is required to contribute a specified percentage of payroll cost to the Employees Provident Fund Scheme, 1952 to fund the benefits. The interest as declared by the Government from time to time accrues to the credit of the employees under the scheme. 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.

Defined Benefit Plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, 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. Liability for unavailed leave for a section of the workmen for whom it is considered as a long term benefit is actuarially valued and provided for but is not funded. Liability for unavailed leave for other employees considered as short term benefits and provided according in the books of accounts.

11. TAXATION

- a. Current tax for the parent company is determined on the profit for the year in accordance with the provisions of the Income Tax Act, 1961. Tax liability of the subsidiaries are determined according to the tax laws prevailed in the respective countries.
- b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

12. SEGMENT REPORTING

- a. The accounting policies adopted for segmenting reporting are in line with the accounting policies of the Group.
- b. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.

Contingent Liabilities are not recognized, but are disclosed in the notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

14. LEASE

Leases in which a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases. Rental payments made under operating leases are charged to the statement of Profit and Loss.

The company has leased certain tangible assets and such leases where the company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases is recognized in the Statement of Profit and Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
Note 2:

I	SHARE CAPITAL	As at 31st March, 2015		As at 31st March, 2014	
		Number	Rs.in Lacs	Number	Rs.in Lacs
a	AUTHORISED: PREFERENCE SHARE CAPITAL Redeemable Preference shares of Rs.100/- each	6,00,000	600.00	6,00,000	600.00
	EQUITY SHARE CAPITAL Equity Shares of Rs 10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
b	ISSUED Equity Shares of Rs 10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
c	SUBSCRIBED AND PAID UP Equity Shares of Rs 10/- each Fully Paid up	5,88,46,400	5,884.64	5,88,46,400	5,884.64
d	SUBSCRIBED AND PARTLY PAID UP AND HENCE FORFIETED	-	34.04	-	34.04
	Total (c + d)	5,88,46,400	5,918.68	5,88,46,400	5,918.68

II Reconciliation of Number of Shares				
Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Value (Rs.in Lacs)	Number	Value (Rs.in Lacs)
Share Holding at the beginning of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68
Share Holding at the end of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68

III List of shareholders holding more than 5% of the total No. of Shares issued by the Company.					
Sl. No.	Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	BHK Trading Pvt. Ltd.	2,94,45,812	50.04%	6,00,000	1.02%
2	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%
3	Spellbound Trading Pvt. Ltd.	-	-	1,05,50,812	17.93%
4	Parasakthi Trading Co. Pvt. Ltd.	-	-	60,00,000	10.20%
5	Riti Holdings & Trading Pvt. Ltd.	-	-	60,00,000	10.20%
6	Ragini Synthetics Trading Pvt. Ltd.	-	-	60,00,000	10.20%

IV Shares held by Holding Company

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
BHK Trading Private Limited	2,94,45,812	50.04%	6,00,000	1.02%

Note: The Company has issued only one class of Equity Shares having par value of Rs.10/- each. Each holder of Equity Share is entitled to one vote per share.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note 3:		
RESERVES & SURPLUS		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance	0.40	0.40
b. Foreign Currency Translation reserve	14.53	(12.25)
C. Surplus in Statement of Profit and loss		
Opening balance	245.87	143.70
Add: Net Profit For the year	1,193.51	789.93
Less: Depreciation as per Schedule II-Refer Note 40	127.92	-
Less: Proposed Dividend	588.46	588.46
Less: Dividend Tax on Proposed Dividend	119.80	100.01
Closing Balance	617.72	232.91
Total	618.12	233.31
Note - 4		
Deferred Tax Liability (Net)		
Deferred Tax Liability		
- Depreciation on Fixed Assets	401.69	372.86
Deferred Tax Asset		
- Provision for Employee Benefits, etc.,	5.24	5.51
Deferred Tax Liability (Net)	Total	Total
	396.44	367.35
Note - 5		
Other Long Term Liabilities		
Others		
Deposits	56.36	52.56
Other Payables	34.19	26.75
Total	90.54	79.31
Note - 6		
Short Term Borrowings		
(a) Loans repayable on demand from Banks - Secured		
i) Cash Credit - Indian Bank	2,272.55	536.38
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
ii) Packing Credit - Indian Bank	-	644.13
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
(b) Unsecured Loan		
Unsecured Loan from Related Party	-	600.00
Total	2,272.55	1,780.51
Note - 7		
Trade payables		
Current	1,016.10	1,366.50
Total	1,016.10	1,366.50

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 8		
Other Current Liabilities		
(a) Unpaid dividends	37.27	22.18
(b) Other payables		
Statutory Liabilities	147.64	113.28
Advance from Customers	238.54	214.21
Employee Benefits - Funded	12.62	2.24
Others	344.75	277.57
Total	780.82	629.48
Note - 9		
Short Term Provisions		
Proposed Dividend	588.46	588.46
Tax on Proposed Dividend	119.80	100.01
Provision for Employee Benefits	57.64	13.96
Provision for Taxation	66.83	-
Total	832.73	702.43
Note - 11		
Long Term Loans and Advances		
Unsecured, considered good		
Advance Tax and Tax Deducted at Source (Net of Provision and MAT credit)	25.02	14.42
Total	25.02	14.42
Note - 13		
Inventories		
a. Raw Materials and components	460.33	256.16
b. Raw Materials in transit	277.05	169.82
c. Finished goods	117.10	54.73
d. Stores and spares	121.94	116.25
e. Packing Material	2.30	3.56
Total	978.71	600.52
(Refer note 1-B (6) for method of valuation)		

**Note 10:
Fixed Assets**

₹.in Lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2014	Additions	Deletions	As on 31.03.2015	As on 01.04.2014	Depreciation charge for the year	Adjustment	Deductions on Disposals	As on 31.03.2015	As on 31.03.2015	As on 31.03.2014
a Tangible Assets											
Land	278.47	-	-	278.47	-	-	-	-	-	278.47	278.47
Undivided Share of Land	192.53	24.88	-	217.41	-	-	-	-	-	217.41	192.53
Buildings	1,364.57	79.48	-	1,444.05	173.00	112.82	20.94	-	306.75	1,137.30	1,191.57
Buildings given on Lease	1,445.24	57.96	-	1,503.20	50.66	23.70	-	-	74.36	1,428.84	1,394.57
Plant & Machinery	2,273.71	679.94	-	2,953.65	727.98	95.62	95.57	-	919.17	2,034.48	1,545.73
Furniture & Fittings	42.64	0.99	-	43.62	7.93	4.18	-	-	12.12	31.51	34.71
Vehicles	58.33	10.84	-	69.18	34.70	7.66	0.46	-	42.82	26.36	23.63
Office Equipment	24.03	11.03	-	35.06	7.98	2.99	10.46	-	21.43	13.63	16.05
Computers	45.74	2.71	-	48.45	22.27	7.28	0.50	-	30.05	18.40	23.47
Total - a	5,725.26	867.83	-	6,593.08	1,024.53	254.24	127.93	-	1,406.69	5,186.39	4,700.73
b Intangible Assets											
Intangible Assets-Software	-	0.17	-	0.17	-	0.02	-	-	0.02	0.15	-
Total - b	-	0.17	-	0.17	-	0.02	-	-	0.02	0.15	-
Total (a+b)	5,725.26	868.00	-	6,593.25	1,024.53	254.26	127.93	-	1,406.71	5,186.53	4,700.73
Previous year	5,674.69	55.56	-	5,730.25	830.31	199.21	-	-	1,029.53	5,278.19	4,844.38

Note 12:

(₹. in Lacs)

UNITS		NET ASSET VALUE		CURRENT INVESTMENTS	COST	
As at 31.03.2015 Nos.	As at 31.03.2014 Nos.	As at 31.03.2015	As at 31.03.2014		As at 31.03.2015	As at 31.03.2014
				INVESTMENTS IN MUTUAL FUNDS (UNQUOTED)		
16,45,130	-	167.16	-	MF - HDFC Floating Rate Income Fund - STP - Direct - MDR	168.28	
				Less: provision For Diminution In Value	1.12	167.16
15,802	-	160.78	-	MF - Reliance Money Manager Fund - INSTL - Monthly Dividend	-	160.42
1,35,994	-	253.39	-	MF - Birla Sun Life Floating Rate Fund - STP - Growth - Direct Plan	-	253.19
70,225	-	531.68	-	PIMCO INCOME FUNDS - Held by Hong Kong Subsidiary	544.54	-
				Less : Provision for Diminution in Value	12.86	531.68
-	88,731	-	218.42	Birla Sun Life Savings Fund - Growth - Direct		218.14
-	11,62,062	-	254.70	HDFC Floating Rate Income Fund -STP-WS-Direct-GR		254.22
-	8,507	-	150.14	Reliance Money Manager Fund -MDR-Direct		149.87
-	80,000	-	8.58	ICICI Prudential FMP - Series 68-369 Days Plan 1-Cumulative		8.00
	Total	1,113.01	631.84	Total		1,112.45
						630.23

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 14		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	2,393.34	3,089.22
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	1.71	1.08
Total	2,395.05	3,090.30
Note - 15		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	0.90	0.43
b. Balances with banks		
(i) Current Accounts	704.71	543.44
	705.61	543.87
ii Other Bank Balances		
a. Unpaid dividend accounts	37.27	22.18
b. Balances with Bank to the extent held as Margin Money	308.91	104.63
	346.18	126.81
Total (i+ii)	1,051.79	670.68
Note - 16		
Short-term loans and advances		
Unsecured, considered good		
i Other Customer Recoverables	22.27	50.43
ii Employee Advance	5.08	0.71
iii Deposits	208.68	180.93
iv Prepaid Expenses	26.64	18.27
v Balance with Statutory Authorities		
- With Customs & Central Excise Authorities	130.46	198.75
vi Advance to suppliers	589.46	344.15
Total	982.60	793.24
Note - 17		
Revenue from Operations		
Sale of Products		
Polybutene	24,939.16	28,283.91
LPG	4,772.88	7,635.22
Light Polymer	880.28	647.10
Others	84.95	62.82
Other Operating revenues		
Sale of Scrap	8.14	11.79
Duty Drawback on Exports	82.18	122.80
Insurance Claim	3.02	0.48
Excise Duty on Stock Differential	(6.99)	20.14
Liabilities no Longer required written Back	9.00	-
Miscellaneous Income	17.18	2.28
Total	30,789.78	36,786.55

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 18		
Other income		
Rental Income	159.04	135.54
Interest Income	24.37	14.18
Dividend Income	33.62	26.04
Net gain on sale of Current Investments	26.49	7.64
Provision on dimunition of Investment written back	-	2.98
Exchange Fluctuation gain/loss	72.21	84.86
Total	315.72	271.23
Note - 19		
Cost of Materials Consumed		
C4 Feed	21,270.71	25,939.31
Aluminium Chloride	18.92	18.64
Caustic Soda	109.14	94.25
Others	1.27	1.21
Total	21,400.05	26,053.41
Note - 20		
Changes in inventories of Finished Goods		
Opening Stock	54.73	237.82
Closing Stock	117.10	54.73
Total	(62.37)	183.09
Note - 21		
Other Direct Manufacturing Expenses		
Power & Fuel	1,276.68	2,015.88
Water	86.18	82.61
Stores Consumed	346.00	1,006.65
Total	1,708.85	3,105.14
Note - 22		
Employee Benefits Expenses		
Salaries, Wages and Bonus	744.63	601.02
Contributions to Provident & Other Funds	58.55	44.15
Staff welfare expenses	121.00	107.99
Total	924.18	753.16
Note - 23		
Finance Costs		
Interest expense	193.83	98.52
Other borrowing costs	54.17	26.19
Total	248.00	124.71

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹.in Lacs

Particulars	As at 31-Mar-15	As at 31-Mar-14
Note - 24		
Other Expenses		
Rent	137.09	113.65
Repairs & Maintenance - P&M	483.83	375.80
Repairs & Maintenance - Buildings	123.41	191.32
Repairs & Maintenance - Others	56.90	52.89
Insurance	61.41	64.32
Packing Materials	245.52	212.73
Freight Charges	179.73	326.57
Rates & Taxes	196.39	206.09
Travelling Expenses	141.68	282.11
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.70
- Tax Audit	0.40	0.10
Sitting Fee to Directors	3.32	2.95
Legal and Professional charges	82.90	74.64
Commission and Discount	181.48	320.44
Interest on Income Tax	2.13	-
Provision for Diminution in value of Investments	1.12	-
Printing & Stationery	12.52	15.02
Telephone Expenses	15.78	18.65
Corporate Social Responsibility	16.75	-
Donation	40.12	35.11
Administration & Miscellaneous Expense	176.28	72.22
Total	2,161.47	2,367.32

Note 25: Excise Duty

Excise Duty on sales for the year has been 'disclosed as reduction' from the Turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in "other operating revenue under Note- 17" for the current year.

Note 26: Commitments

Estimated amount of Contracts remaining to be executed on capital account for Rs.6.19 Lacs (Previous year Rs.19.92 Lacs)

Note 27 : Contigent Liability

Excise Duty demands against which the company has filed appeals and for which no provision is considered, as out-come of appeals is not ascertainable at this stage is Rs.154.72 lacs.(Prvious year Rs.154.72 lacs).

Note 28: Value of Raw Materials, Chemicals and Stores and Spares consumed

Particulars	31.03.2015		31.03.2014	
	Value (Rs. In Lacs)	%	Value (Rs. In Lacs)	%
Raw Materials & Chemicals				
a) Imported	1,253	5.85%	-	-
b) Indigenous	20,147	94.15%	26,053	100%
Total	21,400	100%	26,053	100%
Stores & Spares				
a) Imported	-	-	49	4.83%
b) Indigenous	346	100%	958	95.17%
Total	346	100%	1,007	100%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
Note 29: CIF Value of Imports

(₹.in Lacs)

Particulars	31.03.2015	31.03.2014
a) Stores	NIL	49
b) Capital Goods	NIL	NIL

Note 30: Expenditure incurred in Foreign Currency

(₹.in Lacs)

Particulars	31.03.2015	31.03.2014
a) Travelling	81	119
b) Professional Charges	Nil	7
c) Commission	28	83

Note 31: Related Part Transactions:

Refer separate working on Related Party Transactions in Annexure - I at Page Nos. 88 - 89

Note 32: Earnings in Foreign Currency

(₹.in Lacs)

Particulars	31.03.2015	31.03.2014
Export Sales	5,260	6,405

Note 33: Employee Benefits:

Liability to existing employees of the company in respect of gratuity is covered under a common insurance policy administered by a Trust maintained for the participating enterprises viz. Kothari Sugars & Chemicals Limited (KSCL) and Kothari Petrochemicals Limited (KPL). The actuarial valuation is done by an independent external valuer under the projected unit credit method to ascertain the liability enterprise wise. The net defined benefit is recognised in the financial statement as a cost equal to their contribution payable estimated.

The company has recognised Rs.3.69 Lacs (previous year Rs. Nil) in the Statement of Profit & Loss for the year ended 31st March 2015.

(₹.in Lacs)

Particulars	2014-15	2013-14
Basic actuarial assumptions	Indian Assured Lives (2006 – 08) Mortality Table: Ultimate	
Date of Valuation:	31-03-2015	31-03-2014
Rate of Discount (p.a)	7.80%	8.00%
Rate of Salary Escalation:	6.50%	6.50%
Employee Attrition Rate due to reasons other than death or retirement	2.00%	2.00%
Rate of Return on Plan Assets	8.70%	8.70%
Projected benefit obligation at the beginning of the period	301.33	323.31
Current service cost	77.26	47.68
Interest cost	22.80	25.83
Actuarial loss / (gain)	(22.10)	(56.49)
Benefits paid	(32.68)	(39.01)
Projected benefit obligation at the end of the period	346.61	301.32
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	(346.60)	(301.32)
Fair value of plan assets at end of the period	307.20	312.28
Liability recognized in the balance sheet	(39.40)	(10.95)
Cost for the period		
Current service cost	77.26	47.68
Interest cost	22.80	25.83
Expected return on plan assets	(25.75)	(24.76)
Net actuarial (gain)/loss recognized in the period	(23.97)	(59.70)
Total	50.34	(10.95)
Less: Share of contribution of Associate Company	46.65	3.61
Net Cost recognized in Statement of Profit & Loss.	3.69	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 34: Segment reporting**Segment Information :**

- a) The company has only one primary business segment that of manufacturing Poly Iso Butene (PIB).
 b) Secondary Reporting Segment (by Geographical Segment)

(₹.in Lacs)

Geographical segments	Revenue for the year ended March 31, 2015	Revenue for the year ended March 31, 2014
Outside India	5,260	6,405
India	23,074	27,576
Total	28,334	33,981

Note 35: Micro, Small and Medium Enterprises Development Act, 2006:

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

Note 36: Operating Lease

A sum of Rs.137.09 lacs (previous Year Rs.113.63 lacs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.

Note 37: Earnings per Share

The Earnings per share is as mentioned below:

Particulars	March 31, 2015	March 31, 2014
Face Value per Share (Rs.)	10	10
Weighted Average No. of Shares	5,88,46,400	5,88,46,400
Profit after Tax (Rs.in Lacs)	1,193.51	789.93
Basic and Diluted Earnings Per Share (Rs.)	2.03	1.34

Note 38: Acknowledgement of Balances

Balances in Trade Receivables, Loans and Advances and Deposits include items which are in the process of confirmation and have, in the opinion of the management a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. Trade Payables are stated at a value they are liable to be paid.

Note 39: Urban Land Tax

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 process for registration of Land.

Note 40: Depreciation

The Company has changed the method of providing Depreciation from 1st April 2014 as required by Companies Act, 2013. Depreciation is hence provided in accordance with Schedule II for the current year as against the rates specified Schedule XIV to the Companies Act, 1956 adopted in the previous year. As a result, Depreciation in the current year higher by Rs. 24.50 lacs.

Further in respect of assets whose remaining useful life as prescribed in Schedule II to Companies Act 2013 is Nil, their carrying amounts as on 01st April 2014 after retaining the residual value aggregating to Rs.127.92 lacs (excluding Deferred Tax Rs.43.48 lacs) has been taken to Reserves and Surplus.

Note 41: Previous Year Figures

Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year's classifications / disclosure.

For and on behalf of the Board

As per our Report of even date

For **R.Subramanian and Company**
 Chartered Accountants

Arjun B. Kothari
 Managing Director

P.N. Devarajan
 Director

R. Rajaram
 Partner

Place: Chennai
 Date : May 28, 2015

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

Annexure - I: Related Party Transactions (Note 31)

Related party disclosures - As identified by the Management and relied upon by the Auditors

- | | | |
|--|--------------------------|---|
| (i) Parties with Significant influence (Direct and Indirect) | Promoter Company | Kothari Sugars & Chemicals Ltd. |
| | Holding Company | BHK Trading Pvt. Ltd. |
| | Company in Joint Control | Kothari International Trading Ltd. |
| | Company in Joint Control | Santoor Commercials Pvt. Ltd. |
| | Company in Joint Control | Kothari Biotech Ltd. |
| | Company in Joint Control | Kothari Safe Deposits Ltd. |
| | Company in Joint Control | Century Foods Pvt. Ltd. |
| | Company in Joint Control | Parvathi Trading & Finance Co. Pvt. Ltd. |
| | Company in Joint Control | HCK NAPC Mines and Ores Pvt. Ltd. |
| | Company in Joint Control | Parasakthi Trading Co. Pvt. Ltd. |
| (ii) Key Management Personnel | Affiliated Trust | HCK Education and Development Trust |
| | Wholly owned Subsidiary | Kothari Petrochemicals Pte. Ltd., Singapore |
| | Step down Subsidiary | Kothari Petrochemicals HK Ltd., Hong Kong |
| | Chairman | Mr.B H Kothari (till 22nd February 2015) |
| | | |
| | | |

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Kothari Biotech Ltd.		Kothari Safe Deposits Ltd.		Kothari International Trading Limited		Parasakthi Trading Co. Pvt. Limited	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rent	-	-	15.60	12.35	-	-	16.64	9.70	-	-	30.00	30.00
Commission Paid	-	-	-	-	-	-	-	-	86.70	173.61	-	-
Interest	-	-	-	-	-	-	-	-	-	-	24.08	8.01
Common Expenses	42.10	56.21	-	-	0.92	0.38	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	0.09	0.09	-	-	-	-
Professional Services	277.40	151.80	-	-	-	-	-	-	-	-	-	-
Sales Revenue	0.86	-	-	-	-	-	-	-	-	-	-	-
Advance paid	-	127.00	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances- Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-	600.00	600.00
Rent Advance	-	-	-	-	-	-	-	13.80	-	-	-	-
Salary & Commission	-	-	-	-	-	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	Nil	127	Nil	Nil	0.14 CR	0.03 CR	Nil	Nil	3.30 CR	Nil	Nil	600.00 CR

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)									
	Santoor Commercials Pvt. Limited		Key Management Personnel		Kothari Petochemicals Pte. Limited		Kothari Petrochemicals HK Limited		HCK Educational and Development Trust	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rent	48.00	28.00	-	-	-	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Sales Revenue	-	-	-	-	-	-	1,340.31	47.07	-	-
Advance paid	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	150.83	463.00	-	-	-	-
Outstanding Balances-Receiveable	-	-	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	-	-	-	-
Salary & Commission	-	-	76.32	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	17	-
Closing Balance	Nil	Nil	27.46 CR	Nil	614.00	463.00	150.44	47.07	Nil	Nil

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

CIN : L11101TN1989PLC017347
 Name of the company : KOTHARI PETROCHEMICALS LIMITED
 Registered office : KOTHARI BUILDINGS, NO.115, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI, 600034

Name of the member(s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of shares of the above named company, hereby appoint

- Name Address
 Email-Id..... Signature..... or failing him/her
- Name Address
 Email-Id..... Signature..... or failing him/her
- Name Address
 Email-Id..... Signature..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the company, to be held on Monday, 10th August 2015 at 10.15 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statement		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Mrs.Nina B Kothari who retires by rotation		
4.	Appointment of Auditors		
Special Business			
5.	Appointment of Mr.Arjun B Kothari as Director		
6.	Appointment of Mr.Arjun B Kothari as Managing Director and Whole Time Key Managerial Person		
7.	Approval of Remuneration to Cost Auditor		

Signed this day of 20.....

Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder

Signature of shareholder:



Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

ATTENDANCE SLIP

Regd. Folio / DP ID & Client Id	
No. of Shares held	
Name and Address of the Shareholder	

- I hereby record my presence at the 26th Annual General Meeting of the company, to be held on Monday the 10th day of August, 2015 at 10.15 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.
- Signature of the Shareholder / Proxy Present.
- Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
- Shareholder / Proxy holder desiring to attend the meeting may bring his / her any identity proof and copy of Annual Report for reference at the meeting.

E - VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD
150622013	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
Thursday, 6 th August, 2015 (from 9.00 A.M.)	Sunday, 9 th August, 2015 (upto 5.00 P.M.)

Note: Please refer the details and instructions form integral part of the Notice for the Annual General Meeting.



If undelivered, please return to:

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

