

Kothari PETROCHEMICALS

Kothari Petrochemicals Limited

***27th Annual Report
2015 - 16***





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 Arjun B. Kothari - Managing Director 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, Flat 1B, 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

CONTENTS

	Page No.
Financial Highlights	3
Notice to the Members	4
Directors' Report	12
Management Discussion and Analysis	29
Corporate Governance Report	33
Auditors' Report	47
Balance Sheet	50
Statement of Profit and Loss	51
Cash Flow Statement	52
Notes Forming Part of Financial Statements	53
Consolidated Financial Statements & Notes thereon	70

Financial Highlights

₹. in Lakhs

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
PROFITABILITY ITEMS					
Gross Income	17,565.58	26,152.05	37,055.05	31,005.27	23,572.93
Profit (PBDIT)	945.20	1,117.29	1,519.77	2,138.64	1,819.66
Profit After Tax	428.79	520.56	790.64	1,130.49	918.45
BALANCE SHEET ITEMS					
Net Fixed Assets	5,999.13	4,844.38	5,278.18	5,380.39	5,454.53
Investments	109.50	317.85	1,093.23	1,194.60	613.83
Net Current Assets	863.13	1,592.58	856.05	932.76	1,077.88
Total Capital Employed	7,094.42	6,457.75	6,611.61	6,946.25	7,177.04
Shareholders' Funds	6,058.58	6,062.78	6,164.95	6,459.25	6,669.44
RATIOS					
Book Value Per Share (₹)	10.30	10.30	10.40	10.98	11.33
EPS (₹)	0.73	0.88	1.34	1.92	1.56
Return on Investment	7.08%	8.59%	12.82%	17.50%	13.77%
Dividend %	5%	7.5%	10%	10%	10%

NOTICE TO THE MEMBERS

Notice is hereby given that the 27th Annual General Meeting of Kothari Petrochemicals Limited will be held on Thursday, 04th August 2016 at 10.30 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, 2016, the Reports of the Board of Directors and Auditors and
 - b) The Audited consolidated financial statement of the Company for the financial year ended March 31, 2016.
2. To appoint a Director in the place of Mr.Arjun B. Kothari, (DIN 07117816) who retires by rotation and being eligible offers himself for re-appointment.

3. 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:**4. Ratification 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 and other applicable provisions of the Companies Act, 2013 if any, and Companies (Audit & Auditors) Rules, 2014, payment of a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imburement 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 2016 - 2017, be and hereby ratified and confirmed.”

5. Increase in Remuneration to Mr.Arjun B Kothari, Managing Director

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

“**Resolved** that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V of the Companies Act, 2013, and in partial modification of the relevant resolution passed at the Board Meeting held on 08.04.2015 and as approved by the members in the Annual General Meeting of the Company held on 10th August, 2015, the consent of the Company be and is hereby accorded for the revision in the remuneration by way of payment of commission as detailed below to Mr.Arjun B Kothari, (DIN: 07117816), Managing Director of the Company”.

NOTICE TO THE MEMBERS

“Resolved further that Mr.Arjun B Kothari, Managing Director, with effect from 01st April 2016 during the currency of his tenure, shall be paid in addition to the Salary, a Commission not exceeding 4% of the net profits, subject to the condition that the overall remuneration payable to him including Commission shall not exceed 5% of the net profits of the Company for any financial year computed in the manner prescribed under the Companies Act, 2013.

“Resolved further that except for the aforesaid revision in remuneration, all other terms and conditions of his appointment as the Managing Director of the Company, as approved by the Resolution passed at the Board Meeting held on 08.04.2015 and as approved by the members in the Annual General Meeting of the Company held on 10th August, 2015, shall remain unchanged.

“Resolved further that the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr.Arjun B Kothari, Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this Resolution and the Companies Act, 2013”.

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

Place: Chennai
Date: 30th May, 2016

S.Sundaramurthy
Company Secretary

NOTICE TO THE MEMBERS
Important Notes:

- a) **The Register of Members and Share Transfer books will remain closed from Friday, the 29th July, 2016 to Thursday, 04th August, 2016 (both days inclusive) on account of the Annual General Meeting.**
- 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. 10.30 a.m. on Thursday, 04th August 2016. A Proxy form is sent herewith.
- 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 Board of Directors at its meeting held on 19th March, 2016 declared an Interim Dividend at the rate (@10%) of Re.1/- per equity Share of Rs.10/- each for the financial year 2015 - 2016. The total amount (inclusive of Dividend Tax) of Rs.708.26 Lakhs was paid within the stipulated time to the shareholders of the Company.
- i) Members who have not encashed their dividend warrants pertaining to the financial years 2010 -11, 2011-12, 2012-13, 2013-14, 201 -15 and 2015-16 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:

Sl. No.	Nature of Dividend	Financial Year	Date of Payment of Dividend	Due Date for transferring to IEPF
(i)	Interim Dividend	2010 - 11	09.06.2011	17.06.2018
(ii)	Final Dividend	2011 - 12	18.10.2012	26.10.2019
(iii)	Final Dividend	2012 -1 3	04.10.2013	11.10.2020
(iv)	Final Dividend	2013 - 14	01.10.2014	07.10.2021
(v)	Final Dividend	2014 - 15	28.08.2015	16.09.2022
(vi)	Interim Dividend	2015 - 16	31.03.2016	24.04.2023

- j) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years 2010-11, 2011-12, 2012- 13 & 2013 -14, as on the date of the 26th Annual General Meeting (AGM) held on 10th August, 2015, on the website of the IEPF viz. www.iepf.gov.in and also in the Company Website www.kotharipetrochemicals.com under "Investors ---> Investors Relations."
- 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 / 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 and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail 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 etc., 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 form SH-14. The nomination forms can be downloaded from the Company's website www.kotharipetrochemicals.com.
- q) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this notice.
- r) Electronic copy of the Notice and Annual Report of the 27th 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 e-mail 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 e-mail address, physical copies of the Notice and Annual Report of the 27th 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 27th Annual General Meeting and the Annual Report for 2015-16 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 for free of cost. For any communication, the shareholders may also send requests to the Company's investor e-mail 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 Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company shall provide members facility to exercise their right to vote at the General Meetings by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

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

NOTICE TO THE MEMBERS

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 field.

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) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the relevant EVSN on which you choose to vote.
- xi) 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.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) 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.

NOTICE TO THE MEMBERS

- xiv) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take printout of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi) 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 authorized 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 e-mail id of scrutinizer (kpl.scrutinizer@gmail.com) and RTA (murali@cameoindia.com) with a copy marked to helpdesk.evoting@cdslindia.com.
- xvii) 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 e-mail to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333.
- xviii) 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.
- xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-voting app can be downloaded from Google Play store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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. (xvi) 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 Sunday, 31st July, 2016 at 9.00 A.M. and ends on Wednesday, 03rd August, 2016 at 5.00 P.M. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting. 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) After despatch any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Thursday, 28th July, 2016 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 No. 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.
- d) The voting rights of a member shall be in proportion to his shares in the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 28th July, 2016.
- 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 two days after the conclusion of the AGM, a consolidated scrutinizer’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.
- h) Route Map showing directions to reach to the venue of the 27th Annual General Meeting is given at the end of this Annual Report as per the requirement of the Secretarial Standard - 2 (SS-2) on “General Meeting.”

NOTICE TO THE MEMBERS**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No.4**

The Audit Committee and the Board of Directors of the Company at the meeting held on 30th May, 2016 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 2016 - 2017.

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

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out in Item No.4 of the Notice to 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 Auditor for the Poly Iso Butene (PIB) unit of the Company for the year 2016 - 2017 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 30th May, 2016.

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.4.

Item No.5

Mr.Arjun B Kothari was appointed as Managing Director of the Company with effect from 08.04.2015 for a period of 5 years at the Board Meeting held on 08.04.2015 which was approved by the members in the Annual General Meeting of the Company held on 10th August, 2015.

The Company, during the year, has achieved a turnover crossing Rs.213 Crores. Moreover, the Company is aggressively concentrating on its expansion plans besides exploring opportunities both in India and abroad. Mr.Arjun B Kothari, Managing Director is playing a key role on identification of the areas in the plant where there could be an improvement.

Since there has been a considerable increase in the duties and responsibilities performed by the Managing Director and after considering the prevailing Managerial Remuneration in industry, the Board of Directors at their meeting held on 30.05.2016 and on the recommendations made by the Nomination and Remuneration Committee, has approved the proposal for payment of a commission. Thus, in addition to the salary a commission not exceeding 4% of the net profits be paid, subject to the condition that the overall remuneration payable to him including commission shall not exceed 5% of the net profits of the Company for any financial year computed in the manner prescribed under the Companies Act, 2013 for the period from April 01, 2016 to March 31, 2020. Except for the aforesaid revision in remuneration, all other terms and conditions of his appointment as the Managing Director of the Company as approved earlier, shall remain unchanged.

As the terms for revision in remuneration proposed above are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V of the said Act, Central Government approval is not necessary for the above revision in remuneration.

Except Mr.Arjun B Kothari and Mrs.Nina B Kothari, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the said Resolution set out in Item No.5.

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

Place: Chennai
Date: 30th May, 2016

S.Sundaramurthy
Company Secretary

NOTICE TO THE MEMBERS

THE INFORMATION IN RESPECT OF ITEM NO. 02 IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.02
Name of the Director	Arjun B. Kothari
Date of Birth	11.09.1991
Date of Appointment	08.04.2015
Qualification	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	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 Public Companies in which Directorship held	a) Kothari Sugars and Chemicals Ltd. b) Kothari Safe Deposits Ltd.
Chairman / Member of the Committee of the Board of Director of the Company	Member a) Stakeholders' Relationship Committee b) Corporate Social Responsibility Committee Chairman Investment & Credit Approval Committee
Chairman / Member of the Committee of the other companies in which he is a Director	(a) Kothari Sugars and Chemicals Limited Member (i) Stakeholders Relationship Committee (ii) Corporate Social Responsibility Committee Chairman Investment & Credit Approval Committee (b) Kothari Safe Deposits Limited Chairman (i) Investment Committee (ii) Share Transfer and Shareholders Grievances Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2016	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, 2016.

Financial Summary of the Company

(₹.in Lakhs)

Sl. No.	Particulars	2015 - 2016	2014 - 2015
(i)	Profit/(Loss) before Interest and Depreciation	1819.66	2138.64
(ii)	Interest	120.86	248.00
(iii)	Depreciation	273.67	254.26
(iv)	Profit/(Loss) Before Tax	1425.13	1636.38
(v)	Tax Adjustments including Deferred Tax	506.68	505.89
(vi)	Profit / (Loss) after Tax	918.45	1130.49
(vii)	Profit brought forward from previous year	540.17	245.87
(viii)	Profit available for appropriation	1458.62	1248.44
(ix)	Dividend (Interim)	588.46	588.46
(x)	Dividend Distribution Tax	119.80	119.80
(xi)	Profit / (Loss) after Appropriation	750.36	540.17

Financials' Highlights

The Company's total revenue is Rs.21,652.49 Lakhs for the year ended March 31, 2016 as against Rs.28,233.61 Lakhs for the previous year 2014-15. The decrease in revenue was due to reduction in Poly Iso Butene (PIB) Sales and its realisations.

Status of the Plant

The PIB plant was commissioned in 1990 with a production capacity of 5500 TPA. Subsequently the capacity was enhanced to 11000 TPA and further to 22000 TPA in 2007.

Though the plant can now produce upto 24000 TPA of 950 MW PIB, the production is however confined to 22000 TPA to confirm to permission from Statutory Authorities. Further studies are being undertaken to explore the possibility of further enhancement of production from the current level.

Your company continues to get ISO 9001:2008 & ISO 14001:2004 certification for quality and environment also has retained. During this year, KPL was awarded "**Best ON Time supplier of PIB**" by IOC for the year 2014-2015. It is pertinent to mention in this context that KPL was awarded a similar award by BPCL last year.

Performance

For the third year in succession, your company has achieved "Accident Free" operation. The company has been continuously imparting training to all its employees to ensure that the plant operation is "accident free" and efficient.

Your company achieved a production of 17574 MT which translates to a capacity utilisation of 98% in terms of 950 MW PIB. However, due to the unprecedented rainfall and flooding, there was considerable disruption in raw material supply from CPCL in the months of November and December'15 which had serious impact on production. Due to this, the sales for the year was lower than last year at 17085 MT. However, the sales picked up during last quarter of the year and in fact was the highest in Mar'16. Another factor responsible for reduction in sales is that the company has lost a major order due to overseas competition.

Your company continues to take lots of effort to improve the quality of the product based on the feed back received from customers which will facilitate penetration into new market segments.

The company is also taking steps to reduce the overall cost of production and to achieve the same, will be strengthening the infrastructure facilities.

Conservation of Energy / Technology Absorption / Foreign Exchange Earning and Outgo:
(a) Conservation of Energy:

- (i) 6 KW Solar power plant was installed and commissioned. Around 25000 units / month are being generated from this facility, which helps to avoid operating DG for one day in a month, with a cost saving of Rs.3.5 Lakhs / month
- (ii) Plain capacitors were replaced with detuned capacitors to reduce the current harmonic distortion in TNEB power supply, a possible huge penalty by TNEB has been avoided.
- (iii) One pump with 13 stage impeller was replaced with low capacity pump with 9 stage impeller in process area. Estimated power savings is 25,000 units / year and cost saving is about Rs.1.8 Lakhs / year.

DIRECTORS' REPORT(b) **Technology absorption:** Nil(c) **Foreign exchange earnings and Outgo:**

₹ in Lakhs

Sl. No.	Particulars	2015 - 2016	2014 - 2015
(i)	Total Foreign Exchange earned	5,091	5,168
(ii)	Total Foreign Exchange outflow	59	1,322

Dividend:

The Board of Directors at its meeting held on 19th March, 2016 declared an Interim Dividend at the rate (@10%) of Re.1/- per equity Share of Rs.10/- each for the financial year 2015 - 2016. The total amount (inclusive of Dividend Tax) of Rs.708.26 Lakhs was paid within the stipulated time to the shareholder of the Company.

Meetings:

During the year 07 Board Meetings and 04 Audit Committee Meetings were 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, 2016 was Rs.5884.64 Lakhs. The company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Directors:

Mr.Arjun B Kothari, (DIN 07117816) Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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 2016:

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 details are 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 of 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.

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

Directors' 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

Subsidiary Companies

The Subsidiary Company, Kothari Petrochemicals Pte. Ltd has made a loss of Rs.6.81 Lakhs for the year ended March 31, 2016 as against a loss of Rs.5.32 Lakhs during previous year.

The step down Subsidiary Company, Kothari Petrochemicals HK Ltd has made a profit before tax of Rs.42.50 Lakhs for the year ended March 31, 2016 as against a profit of Rs.68.35 Lakhs during the previous year.

Kothari Petrochemicals Pte. Ltd., Singapore is a wholly owned foreign subsidiary and Kothari Petrochemicals HK Ltd. Hong Kong is a step down subsidiary of the Company. These subsidiary companies were incorporated in the year 2013-14 and are exploring business opportunities.

Pursuant to Section 136 of the Companies Act, 2013, the Companies are exempted from attaching the Annual Reports and other particulars of its subsidiary Companies along with the Annual Report of the Company. However, a Statement containing salient features of the financial statement of the subsidiary Companies in form AOC-1 forms part of the Consolidated Financial Statement of the Company.

The Financial Statement of Kothari Petrochemicals Pte. Ltd, Singapore and Kothari Petrochemicals HK Ltd., Hong Kong, 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 free of cost, 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 Auditor**

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 thereunder.

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 till the conclusion of the 28th Annual General Meeting. The re-appointment proposal is within the time frame for transition under the provisions of the Companies Act, 2013.

As required under SEBI Listing Regulations, 2015, 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 Members' ratification for the remuneration payable to M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant is included at Item No.4 of the Notice convening this Annual General Meeting.

DIRECTORS' REPORT**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, Chennai as Secretarial Auditor of the Company. The Report of the Secretarial Audit Report is annexed as "Annexure II". The Report does not contain any qualification.

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 Accountant. The scope and authority of the Internal Audit is defined by the Audit Committee. The Internal Audit Reports are placed before the Audit Committee for its scrutiny and review. The Internal Auditors are present at all the meetings of the Audit Committee.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures of the Company based on the report of internal auditor, the Company undertake corrective action in their respective areas and thereby 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

Pursuant to the requirement of SEBI Listing Regulations, 2015, 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 III.

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 or otherwise and 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

Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015 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, as per the format prescribed by the Nomination and Remuneration Committee of the Company.

The structured questionnaire covers 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.

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	2015 - 2016	2014 - 2015
Due Date	27.09.2016	30.09.2015
Actual Date	(Target) 31.08.2016	29.09.2015
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

Listing with Stock Exchanges

The Company listed in The National Stock Exchange of India Limited (NSE) and the Stoke Code is KOTHARIPET. The Company confirms that it has paid the Annual Listing Fees for the year 2016-2017 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 SEBI Listing Regulations, 2015. A report on Corporate Governance forms part of this Annual Report.

Certificate from the Practising Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015 is attached to this report.

Particulars of Employees

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

No employees 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 Company (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Consolidated Financial Statements

As stipulated under Regulation 34(2) of SEBI Listing Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with applicable Accounting Standards along with Auditors' Report forms 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 from those either expressed or implied in the statement depending on the circumstances.

Acknowledgement

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

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

Place: Chennai
 Date: 30th May, 2016

Nina B. Kothari
 Chairperson

DIRECTORS' REPORT

Annexure – I

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

 [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	77.14%
2	LPG	19201	18.87%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GNL LLPIN / FLLPN	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
1	BHK Trading LLP No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034	AAE-5313	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)

*Kothari Petrochemicals Ltd., India do not hold any shares in Kothari Petrochemicals HK Ltd., Honk Kong. The Shares are held by Kothari Petrochemicals Pte. Ltd., Singapore which is subsidiary of Kothari Petrochemicals Ltd., 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
A.	Promoter								
1	Indian								
(a)	Individual / Hindu Undivided Family	2,97,600	-	2,97,600	-	2,97,600	2,97,600	0.51	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,14,64,812	-	4,14,64,812	-	4,14,64,812	4,14,64,812	70.46	-
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4,17,62,412	-	4,17,62,412	-	4,17,62,412	4,17,62,412	70.97	-
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)	4,17,62,412	-	4,17,62,412	-	4,17,62,412	4,17,62,412	70.97	-

DIRECTORS' REPORT

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/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	16,28,447	16,28,447	16,28,447	2.77	14,56,931	14,56,931	14,56,931	2.48	(0.29)
(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	2.93	14,56,931	92,000	15,48,931	2.64	(0.29)
2	Non-institutions									
(a)	Bodies Corporate	63,53,346	1,22,600	64,75,946	11.00	51,18,284	1,22,600	52,40,884	8.91	(2.09)
(b)	Individuals -									
i.	Individual shareholders holding nominal share capital upto Rs.1 lakh.	41,15,285	20,80,090	61,95,375	10.53	52,17,882	20,91,490	73,09,372	12.42	1.89
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	23,88,170	59,400	24,47,570	4.16	26,51,322	-	26,51,322	4.51	0.35
(c)	Any Other									
1)	Directors & Relatives	3,000	100	3,100	0.01	-	100	100	0.00	-
2)	Non-Resident Indians (NRI's)	2,33,450	8,100	2,41,550	0.41	3,25,779	7,600	3,33,379	0.57	0.16
	Sub-Total (B) (2)	1,30,93,251	22,70,290	1,53,63,541	26.11	1,33,13,267	22,21,790	1,55,35,057	26.41	0.30
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,47,21,698	23,62,290	1,70,83,988	29.03	1,47,70,198	23,13,790	1,70,83,988	29.05	0.02
	TOTAL (A)+(B)	5,64,84,110	23,62,290	5,88,46,400	100.00	5,65,32,610	23,13,790	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)	5,64,84,110	23,62,290	5,88,46,400	100.00	5,65,32,610	23,13,790	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	Demat	Physical	Total	
(i)	Nina Bhadrashyam Kothari	1,20,100	--	1,20,100	2,97,500	--	2,97,500	0.31
(ii)	Rasika H.Kothari	100	--	100	100	--	100	--
(iii)	Kothari Sugars and Chemicals Ltd.	1,20,19,000	--	1,20,19,000	1,20,19,000	--	1,20,19,000	--
(iv)	BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	--	2,94,45,812	2,94,45,812	--	2,94,45,812	--
	Total	4,15,85,012	--	4,15,85,012	4,17,62,412	--	4,17,62,412	0.31

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

Name of the Promoter	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
Nina Bhadrashyam Kothari				
At the beginning of the year	1,20,100	0.20	1,20,100	0.20
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	0.31	1,77,400	0.31
	27.04.15	1,77,400		
At the end of the year	2,97,500	0.51	2,97,500	0.51

DIRECTORS' REPORT**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 Private Limited	23,53,000	4.00	23,53,000	4.00
2	KSR Chemicals and Fortune Trading Pvt. Ltd.	18,53,500	3.15	18,69,000	3.15
3	Life Insurance Corporation of India	15,00,000	2.55	14,56,931	2.55
4	Rajesh Nuwal	-	-	2,90,000	0.49
5	Vijay Bhailal Patel	70,000	0.12	1,25,000	0.21
6	Namita Jagdish Bharwani	25,000	0.04	1,10,000	0.18
7	Parth Pradip Shah	2,05,125	0.35	1,05,125	0.17
8	Inventure Commodities Limited	-	-	1,00,000	0.16
9	Nirmal Hiroo Bharwani	1,00,000	0.16	1,00,000	0.16
10	Pradip Nathalal Shah HUF	-	-	80,000	0.13

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	Mrs.Nina B. Kothari	1,20,100	0.20	2,97,500	0.51
2	Mr.Arjun B Kothari – Managing Director	-	-	-	-
3	Mr.P.N. Devarajan	-	-	-	-
4	Mr.Pranab Kumar Rudra	3,000	0.00	-	-
5	Dr.R.K.Raghavan	-	-	-	-
For Each of the KMP					
1	Mr.S.Sundaramurthy - Company Secretary and Compliance Officer	100	0.00	100	0.00
2	Mr. Cyrus Kallapurackal - Chief Financial Officer (CFO)	-	-	-	-

V. INDEBTEDNESS

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

₹. in Lakhs

Description	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the Financial Year				
Addition	-	-	-	-
Reduction	478.63	-	-	478.63
Net Change	478.63	-	-	478.63
Indebtedness at the end of the Financial year				
i) Principal Amount	1,793.92	-	-	1,793.92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,793.92	-	-	1,793.92

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

₹. in Lakhs

Sl. No.	Particulars of Remuneration	Mr.Arjun B.Kothari 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	41.18
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of Profit	-
	- others, Specify	-
5	Others, Please specify	-
	Total (A)	41.18

B. Remuneration to Other Directors
1. Independent Directors

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors			
		Mr.P.N.Devarajan	Mr.Pranab Kumar Rudra	Dr.R.K. Raghavan	Total
1	Sitting fee for attending Board and Committees Meetings	1,60,000	1,60,000	1,30,000	4,50,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total (B) (1)				4,50,000

DIRECTORS' REPORT**2. Other Non Executive Directors**

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs.Nina B. Kothari	Total
1	Sitting fee for attending Board and Committee Meetings	1,35,000	1,35,000
2	Commission	-	-
3	Others, please specify	-	-
		Total (B) (2)	1,35,000
		Total (B) = (B)(1)+ (B)(2)	5,85,000

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

₹. in Lakhs

Sl. No.	Particulars of Remuneration	Name of KMP		
		S. Sundaramurthy, Company Secretary & Compliance Officer	Cyrus Kallapurackal, Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Rs.11.09	Rs.10.26	Rs.21.35
	(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)	Rs.11.09	Rs.10.26	Rs.21.35

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					

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016
[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, 2016, 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, 2016 according to the provisions of:
 - (i) The Companies Act, 1956 and The Companies Act, 2013 ("the Acts") and the rules made thereunder, as applicable;
 - (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 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (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, since there were no issues during the year which required specific compliance under:
 - (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 with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India, as approved by the Central Government and made applicable w.e.f. July 1, 2015.
 - (ii) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
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:

DIRECTORS' REPORT**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.
 - (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, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc referred to above.

Place: Chennai
Date: May 5, 2016

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 5, 2016

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

DIRECTORS' REPORT
Annexure - III
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, Kothari Petrochemicals Limited, 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 and 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 Kothari Petrochemicals Limited, 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
(i)	Mrs.Nina Bhadrashayam Kothari	Chairperson, (Non-Executive & Non-Independent)
(ii)	Mr.P.N.Devarajan	Member (Independent)
(iii)	Mr.Arjun B. Kothari	Member (Executive & Non-Independent)
(iv)	Dr.R.K.Raghavan	Member (Independent)

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

(₹. in Lakhs)

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2014-15	1716.02
(ii)	2013-14	1,198.80
(iii)	2012-13	652.61
Total		3567.43
Average Annual Net Profit		1189.14

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

2% of Average Net Profit comes around Rs.23.78 Lakhs

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

- (a) Total amount to be spent for the financial year : Rs.24.00 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 centres 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 Committees 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 Companies 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)

(Chairperson CSR Committee)

DIRECTORS' REPORT
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 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.23.78 Lakhs	Direct Expenditure of Rs.24.00 Lakhs	Rs.24.00 Lakhs spent during the financial year 2015-16	Amount of Rs.24.00 Lakhs 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 also having the experience in constructing the School building.

Management Discussion and Analysis

Industry Structure & Development:

Currently, the global installed capacity of conventional Poly Iso Butene (PIB) is 5,82,000 TPA and there is no further expansion of capacity as of now. The installed capacity of conventional PIB in India is 36,000 TPA, However, the domestic demand is only 20,000 TPA, which is 44% lower than the total installed capacity. Looking at the growth potential of HR PIB, which is an improved version of PIB, some of the global players are expanding their HR PIB capacity.

Outlook:

In the absence of active domestic competitors in the market, Kothari Petrochemicals Limited (KPL) is in a position to meet the demand with competitive price and prompt supply. The uncertainty in raw material supply has been fully addressed through a proper supply agreement with an identified Vendor under a transparent pricing formula.

Though we apprehended a significant drop in demand for PIB in the domestic market in 2015-16, fortunately the demand was adequate to take the entire production in accordance with the utilisation of the plant capacity.

As mentioned earlier, the global HR PIB capacity is likely to increase; but this may not impact the sale of conventional PIB in the short run, which is a favourable situation for the company.

Opportunities:

Steps are being taken to enhance supplies from CPCL which will avoid transportation cost and also the loss in LPG sales. This would help to bring down the overall cost of production. We are also exploring the possibilities to improve the price for the Return LPG stream by selling the same to new segment of customers. In line with the growing demand for HR PIB in the future, your company has been taking steps to bring in the technology to make HR PIB.

Preventive maintenance has been given top most priority to keep the plant in good condition to maximize the productivity. Bio fuel based Steam Boiler installed a year back is helping to contain the Cost of Utilities. Similarly, installation of dedicated under ground power cable directly from local power substation also ensured uninterrupted power supply resulting in smooth plant operation.

All the above steps would in the near future result in overall improved performance.

Risks, Concerns & Threats:

The availability of raw materials has been a constant worry for the industry because the Naphtha Crackers who supply the raw materials to us find it more remunerative by consuming the same for other value added down stream products rather than supplying to PIB manufacturers.

The conventional PIB is likely to be phased out in the next 10 years due to stringent emission norms being imposed by Government.

Sudden surge of impurities in the feed being supplied by the refinery is a big concern for which a long term solution is being explored to implement on a top priority.

Restrictions 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 continues to be competitive over the domestic product which is the threat.

Getting international quality of product from our plant in terms of color is a concern at this stage to meet the expectation of the customers.

One of the PSU Oil marketing Cos is exploring the possibility of sourcing PIB from our competitors under tolling arrangement and market it to various customers in the domestic markets.

Management Discussion and Analysis

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

Despite our repeated representation to local authorities, no concrete action has been taken by them to clear the huts which have been encroached into our area. This will pose a very serious threat to our plant in the event of fire.

Internal Control Systems and their adequacy:

The Company has established system of internal control across all of its business operations for safeguarding the Assets of the company. The functions of Internal Audit are carried out by independent arm 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. The Board, Audit Committee and the Management ensure that the internal control system operates effectively within the organization. The Internal Auditors review the adequacy of internal control system and suggest necessary check and balances to ensure 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 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 for 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 used 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 Workplace (Prevention, Prohibition & Redressal) Act, 2013. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Total number of the employees as on 31st March 2016 was 118 in respect of petrochemical operation.

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

Place: Chennai
Date: May 30, 2016

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.Arjun.B.Kothari Managing Director, no directors was in receipt of remuneration except sitting fees. .

Sl. No.	Name	Designation	Ratio
i)	Mr. Arjun B. Kothari	Managing Director	7.6 : 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. Arjun B.Kothari*	Managing Director	--
ii)	Mr.Cyrus Kallupurackal **	Chief Financial Officer	--
iii)	Mr.S.Sundaramurthy	Company Secretary	20%

(*Mr. Arjun B.Kothari was appointed on 08.04.2015 as MD)

(** Mr.Cyrus Kallupurackal was appointed on 23.02.2015 as CFO)

- c) The percentage increase in the median remuneration of employees in the financial year: Percentage varies between 7.5 to 13 %
- d) The number of permanent employees on the rolls of company as on 31st Mar 2016: 118
- e) The explanation on the relationship between average increase in remuneration and company performance:

The companys’ 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 7.5% to 13% increase to each employee based on their performance during the year.

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

₹. in Lakhs

Name	Designation	CTC	% increase in CTC	PAT	% increase in PAT
Mr. Arjun B.Kothari*	Managing Dirctor	Rs. 41.18	--	918.45	40%
Mr.Cyrus Kallupurackal**	Chief Financial Officer	Rs.10.26	--		
Mr.S.Sundaramurthy	Company Secretary	Rs.11.09	20%		

(*Mr. Arjun B.Kothari was appointed on 08.04.2015)

(** Mr.Cyrus Kallupurackal was appointed on 23.02.2015)

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

- g) Variation 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
31.3.2015	58.85 Crores	11.90	1.92	6.20	70.02 Crores
31.3.2016	58.85 Crores	18.25	1.56	11.70	107.40 Crores
Increase/(Decrease)	--	6.35	(0.36)	4.50	37.38 Crores
% increase/ (Decrease)	--	35%	(18.98%)	45.19%	35%
Issue Price of the Share at the last Public Offer(IPO)	--	Rs.10/- (in 1996)	--	--	--
Increase in market price as on 31.03.2016 as compared to Issue Price of IPO	--	Rs.18.25/-	--	--	--
Increase in %	--	82.5%	--	--	--

- 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 7.5% to 13 % and for KMP the increase was 20% based on their performance during the year.

- i) The Key parameters for any variable component of remuneration availed by the directors: Except Mr.Arjun B.Kothari, Managing Director, no salary was paid to other directors except sitting fees.
- 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

CORPORATE GOVERNANCE**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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

All Independent Directors possess the requisite qualifications and are well experienced in their own fields. All Directors except the Independent Directors are liable to retire by rotation. None of the Directors are a member 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 taken on record by the Board.

The names of the Directors and the details of other Chairmanship / Directorship / Committee membership of each Directors are 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	14	-	1
2	Mr.Arjun B. Kothari	Executive	16	1	1
3	Mr.P.N.Devarajan	Independent	13	-	-
4	Mr.Pranab Kumar Rudra	Independent	1	-	-
5	Dr.R.K.Raghavan	Independent	1	-	-

Note:

- Other directorships also include Private Limited Companies.
- Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for Committee Memberships.

b) Board Meetings and Attendance at Board Meetings

The Board met 7 times during the financial year 2015 - 2016. 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	Board Meeting Dates	Board Strength	No. of Directors present
(i)	Apr 08, 2015	5	5
(ii)	May 28, 2015	5	5
(iii)	Aug 10, 2015	5	4
(iv)	Nov 05, 2015	5	5
(v)	Feb 09, 2016	5	4
(vi)	Mar 19, 2016	5	3
(vii)	Mar 25, 2016	5	5

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. The Chairperson and the Managing Director apprise 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 August 10, 2015
Mrs.Nina B. Kothari	NED	07	07	Present
Mr.Arjun B. Kothari	MD	07	06	Present
Mr.P.N.Devarajan	INED	07	06	Present
Mr.Pranab Kumar Rudra	INED	07	06	Present
Dr.R.K.Raghavan	INED	07	06	Absent

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

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 Chairmen 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 comprises of the following Directors and attendance of each Director for the year ended 31st March 2016 is as follows:

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.N.Devarajan	Chairman	04	03
(ii)	Mr.Pranab Kumar Rudra	Member	04	04
(iii)	Dr.R.K.Raghavan	Member	04	03

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 10th August 2015. The Audit Committee met four times during the year on 28th May 2015, 10th August 2015, 05th November 2015 & 09th February 2016.

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 SEBI Listing Regulations, 2015. 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.

CORPORATE GOVERNANCE

- Reviewing the Management Discussion & Analysis Report 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 (GAAP).
- 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

- Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- 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.
- 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.
- To recommend to the Board the remuneration of the Statutory Auditors/Cost Auditors.
- To discuss with the Statutory Auditors/Chief Internal Auditors any significant difficulties encountered during the course of the Audit.
- Review annual Cost Audit Report submitted by the Cost Auditor.

Other Duties

- To approve the appointment, removal and terms of remuneration of the Chief 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 2016 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 Regulation 18 of the SEBI Listing Regulations, 2015.

NOMINATION AND REMUNERATION COMMITTEE

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 Chairman of Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 10th August 2015. The Committee met two times during the year on 08th April 2015 & 07th July 2015.

The Details are as follows:

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.N.Devarajan	Chairman	02	02
(ii)	Mr.Pranab Kumar Rudra	Member	02	02
(iii)	Mrs.Nina B.Kothari	Member	02	02

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.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors

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 and 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, 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.

CORPORATE GOVERNANCE**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, is 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;

Remuneration Policy for the Senior Management Employees

- I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) 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 SEBI, Listing Regulations, 2015, 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 at 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:

The Stakeholders Relationship Committee carries out the functions of 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, non-receipt of Annual Reports etc.

The Committee met 12 times during the year 2015-16. No sitting fee is paid for attending the meeting of the Committee.

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.N.Devarajan	Chairman	12	12
(ii)	Mr.Arjun B.Kothari	Member	12	11
(iii)	Mrs.Nina B.Kothari	Member	12	12
(iv)	Dr.R.K.Raghavan	Member	12	08

The Chairman of the Stakeholders' Relationship Committee was present at the Annual General Meeting of the Company held on 10th August, 2015.

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;

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.

Details of the Complaints received from the Shareholder(s) / Regulators during the financial year 2015 - 2016

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redress under process at the year end
(i)	Non receipt of Dividend	27	27	Nil
(ii)	Non receipt of new share certificate	Nil	Nil	Nil
(iii)	Non receipt of annual reports	Nil	Nil	Nil
(iv)	Non receipt of final redemption warrants	Nil	Nil	Nil
(v)	Non receipt of fractional warrants	Nil	Nil	Nil
(vi)	Transfer of shares	Nil	Nil	Nil
(vii)	De-materialization matters	Nil	Nil	Nil
(viii)	Others	Nil	Nil	Nil
	Total	27	27	Nil
(i)	Securities Exchange Board of India (SEBI)	Nil	Nil	Nil
(ii)	Ministry of Corporate Affairs (MCA)	Nil	Nil	Nil
(iii)	National Stock Exchange (NSE)	Nil	Nil	Nil
(iv)	Registrar of Companies (ROC)	Nil	Nil	Nil
(v)	Consumer Forum	Nil	Nil	Nil
	Total	Nil	Nil	Nil

Pursuant to SEBI LODR Regulations 2015, the company is processing the 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 to 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 GOVERNANCE

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.

Corporate Social Responsibility Committee met once during the financial year 2015-16 on Aug 10, 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)	1	1
(b)	Mr.Arjun B.Kothari	Member (Executive & Non-Independent)	1	1
(c)	Mr.P.N.Devarajan	Member (Independent Director)	1	1
(d)	Dr.R.K.Raghavan	Member (Independent Director)	1	LOA

The further details have been provided 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 to time. The Committee met 08 times during the year. No sitting fee is paid for attending the meetings of the Committee.

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 SEBI, Listing Regulations, 2015, 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 etc. 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 25, 2016, inter alia to:

- Review the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the Performance of the Chairperson of the Company, taking into account the views of the Executive and Non Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors 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

A Familiarisation programme for Independent Directors of the Company was being conducted on completion of Board Meetings and the details of such familiarisation programmes are disseminated on the website of the Company viz. www.kotharipetrochemicals.com

REMUNERATION PAID TO DIRECTORS

During 2015-16 remuneration was paid Executive Director. 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 2015-2016

Except Mr.Arjun B. Kothari, Managing Director, Company does not pay any remuneration to Non Executive Directors during 2015-16 except sitting fees.

₹ in Lakhs

PARTICULARS	* Mr.Arjun B.Kothari, Managing Director
Salary & Perquisites	41.18
Commission	--
Stock Option	--
Pension	--
Sitting Fees	--
Total	41.18

*Mr.Arjun B.Kothari appointed as Managing Director on 08.04.2015

b) Details of Sitting Fees paid during the financial year 2015-2016

(Amount in ₹)

Name of the Directors	Sitting fees paid					Total
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Directors Meeting	
Mrs.Nina B. Kothari	1,05,000	N.A	10,000	20,000	N.A	1,35,000
Mr.P.N.Devarajan	90,000	30,000	10,000	20,000	10,000	1,60,000
Mr.Pranab Kumar Rudra	90,000	40,000	N.A	20,000	10,000	1,60,000
Dr.R.K.Raghavan	90,000	30,000	LOA	N.A	10,000	1,30,000
Total	3,75,000	1,00,000	20,000	6,00,000	30,000	5,85,000

There was no pecuniary relationship or transactions concerning the non-executive director's vis-à-vis the company during the Financial Year ended 31st March, 2016.

c) Details of shareholding of Directors as on 31st March 2016

As on 31st March 2016, Mr.Arjun B.Kothari, Managing Director does not hold any shares in the Company and Mrs. Nina B. Kothari, Non-Executive Director holds 2,97,500 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company.

ANNUAL GENERAL MEETINGS

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

Year	Venue	Date	Day	Time
2014 - 2015	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-600 014	August 10, 2015	Monday	10.15 A.M
2013 - 2014	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai- 600 014	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- 600 014	September 05, 2013	Thursday	10.30 A.M

CORPORATE GOVERNANCE

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
Aug 10, 2015	Yes	Appointment of Mr.Arjun B.Kothari as Managing Director and Whole Time Key Managerial Person.
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	-

No Special Resolutions were required to be passed by the shareholders of the Company through Postal Ballot during the year 2015-2016.

SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz., M/s.Kothari Petrochemicals Pte. Ltd., Singapore and 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, if any.

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

RISK MANAGEMENT AND MINIMIZATION PROCEDURES

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 has 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 SEBI, Listing Regulations, 2015 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 transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per the 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.

In terms of Regulation 23 of the SEBI Listing Regulations, 2015, the Company has obtained prior approval of the Audit Committee for entering into transactions with the 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 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 The Financial Express and Malai Sudar.
- 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 Regulations, 2015. The company ensures periodical updation of its website. The company has designated e-mail id kplcs@hckgroup.com and secdept@hckgroup.com to enable the shareholders to register their grievances.
- c) Pursuant to the SEBI Listing Regulations, 2015, all data related to quarterly financial results, shareholding pattern and report on Corporate Governance, 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 SEBI Listing Regulations, 2015, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2015-2016.

GENERAL SHAREHOLDER INFORMATION
a) Annual General Meeting

Day, Date and Time	August 04, 2016, Thursday at 10.30 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.

Results for Quarter ending 30th June, 2016	First fortnight of August, 2016
Results for Quarter ending 30th September, 2016	First fortnight of November, 2016
Results for Quarter ending 31st December, 2016	First fortnight of February, 2017
Results for Quarter ending 31st March, 2017	Last Week of May, 2017

c) Date of Book Closure

The period of Book Closure is fixed from Friday, 29th July 2016 to Thursday, 04th August 2016 (both days inclusive).

d) Management Discussion and Analysis Report

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

e) Dividend Payment

The Board of Directors of the Company at its meeting held on 19th March, 2016, recommended the Interim Dividend for the Financial Year 2015-16 at the rate (@10%) of Re.1/- (Rupee One Only) per equity shares of Rs.10 each to the shareholders of the Company. Accordingly, the Interim Dividend for the Financial Year 2015-16 has been paid on and after 31st March 2016 to the Shareholders whose names appeared in the Register of Members as on 30th March 2016.

CORPORATE GOVERNANCE
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 2016 - 17 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 2015	13.40	10.20	Oct 2015	25.85	14.40
May 2015	13.50	11.00	Nov 2015	25.90	22.40
Jun 2015	14.00	11.70	Dec 2015	30.80	22.50
Jul 2015	26.00	12.90	Jan 2016	29.90	20.05
Aug 2015	23.15	13.65	Feb 2016	23.55	16.25
Sep 2015	15.50	13.50	Mar 2016	20.95	16.70

i) Shareholding Pattern as on 31st March 2016

Sl. No.	Particulars	Number of Share holders	Shares held in Physical form	Shares held in dematerialized form	% of Capital
A.	Promoter and Promoter Group				
(a)	Bodies Corporate	2	-	4,14,64,812	70.46
(b)	Individuals	2	-	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	1	-	14,56,931	2.48
(f)	Foreign Institutional Investors	1	40,500	-	0.07
(g)	Foreign Venture Capital Investors	-	-	-	-
2	Non-institutions				
(a)	Bodies Corporate	205	1,22,600	51,18,284	10.78
(b)	Individuals	10,825	20,91,489	71,00,757	15.62
(c)	Non-Resident Indians (NRI's)	57	7,600	3,25,779	0.57
(d)	Directors and Relatives	1	100	-	0.00
(e)	HUF	207	1	7,54,502	1.28
(f)	Clearing Members	13	-	13,945	0.02
	TOTAL (A)+(B)	11,317	23,13,790	5,65,32,610	100.00

j) Distribution of Shareholding as on 31st March 2016

Rs. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	8,228	2,18,96,340
5,001-10,000	1,698	1,52,86,860
10,001-20,000	594	98,94,880
20,001-30,000	244	63,41,350
30,001-40,000	116	42,85,170
40,001-50,000	147	70,55,320
50,001-1,00,000	163	1,23,07,030
1,00,001 and above	127	51,13,97,050
Total	11,317	58,84,64,000

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 for the Demat segment and also the Share Transfer Agents of the company, to whom communications regarding share transfer and dematerialization requests 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 in the Unclaimed Divident Account are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The unclaimed dividends as on March 31, 2016 is as follows:

SL. No.	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2016	Date of Payment	Due Date for transferring to IEPF
(i)	2010 - 11	6,68,344.00	09.06.2011	17.06.2018
(ii)	2011 - 12	6,91,507.00	18.10.2012	26.10.2019
(iii)	2012 - 13	10,37,742.00	04.10.2013	11.10.2020
(iv)	2013 - 14	13,29,532.00	01.10.2014	07.10.2021
(v)	2014 - 15	15,36,631.00	28.08.2015	16.09.2022
(vi)	2015 - 16	1,70,83,988.00	31.03.2016	24.04.2023

❖ Members are requested to note that as per the extant provisions of Companies Acts, 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.

CORPORATE GOVERNANCE

- ❖ 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 electronic form and and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2016 the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 5,65,32,610 equity shares representing 96.07% of the paid up equity capital have been dematerialized as on 31st March 2016.

o) Information to Shareholders

A brief resume of the Director reappointed together with the nature of his experience and details of the other directorships held by him is annexed to the Notice convening the Annual General Meeting.

p) Plant Locations

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

q) Address for Correspondenc

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

DECLARATION BY MANAGING DIRECTOR ON CODE OF CONDUCT UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members

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, 2016.

for **Kothari Petrochemicals Limited**

Place: Chennai
Date : May 30, 2016

Arjun B.Kothari
Managing Director

CERTIFICATE UNDER REGULATION 17(8) & PART B OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, Arjun B. Kothari, Managing Director and Cyrus Kallapurackal, 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, 2016 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - (i) significant changes, 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 30, 2016

Arjun B. Kothari
Managing Director

Cyrus Kallapurackal
Chief Financial Officer

COMPLIANCE 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, 2016 as stipulated under SEBI Listing Regulations, 2015 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 SEBI Listing Regulations, 2015.

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

for **M/s. V.Vasumathy & Associates**
V.Vasumathy
Practising Company Secretary
FCS No.5424 / CP No. 9451

Place: Chennai
Date: May 30, 2016

AUDITORS' REPORT**INDEPENDENT AUDITORS' REPORT****To the Members of Kothari Petrochemicals Limited****REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying Standalone Financial Statements of Kothari Petrochemicals Limited (the Company) which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management and Board of Directors 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 the 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 internal financial control, 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2016;
- 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, 2016 ("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" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the 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 the written representations received from the Directors as on 31 March 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.28 of the financial statements;
 - (ii) the Company did not have any long-term contracts, including derivative contracts; and
 - (iii) there has been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Chennai
Date : May 30, 2016

N. Krishnamurthy
Partner
M. No: 019339

Annexure "A" to the Independent Auditors' Report of even date on the Financial Statements of Kothari Petrochemicals Limited

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

- (i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of, investments, made by the Company. The company has not provided any loans or guarantee or security to any company covered under Section 185.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained. We are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
 - a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.
 - b) Details of dues of Duty of Excise, which have not been deposited as on 31st March 2016 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount ₹ in lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	129.31	Joint Asst Comm. Central Excise	2004-05 to 2010-11
Central Excise Act, 1944	Excise Duty	25.41	CESTAT	2007-08

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to financial institutions, banks, Government or dues to debenture holders. The Company has not availed any term loans from Banks during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) In our opinion and according to the information and explanations given to us no fraud by the Company or any fraud on the Company by its Officers or employees has been noticed or reported during the year.
- (xi) Managerial remuneration has been paid in accordance with provisions of section 197, read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Chennai
 Date : May 30, 2016

N. Krishnamurthy
 Partner
 M.No: 019339

AUDITORS' REPORT

Annexure – “B” to the Auditors' Report of even date on the Standalone Financial Statement of Kothari Petrochemicals Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Kothari Petrochemicals Limited as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

N. Krishnamurthy
Partner
M.No: 019339

Place : Chennai
Date : May 30, 2016

BALANCE SHEET AS AT MARCH 31, 2016

₹ in Lakhs

		Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I		EQUITY AND LIABILITIES			
	1	Shareholders' Funds			
		(a) Share Capital	2	5,918.68	5,918.68
		(b) Reserves and Surplus	3	750.76	540.57
				6,669.44	6,459.25
	2	Non-current liabilities			
		(a) Deferred tax liabilities (Net)	4	453.59	396.45
		(b) Other Long term liabilities	5	54.01	90.55
				507.60	487.00
	3	Current liabilities			
		(a) Short-term borrowings	6	1,793.92	2,272.55
		(b) Trade payables	7	1,450.36	1,273.94
		(c) Other current liabilities	8	569.11	518.15
		(d) Short-term provisions	9	35.64	832.73
				3,849.03	4,897.37
		Total		11,026.07	11,843.62
II		ASSETS			
	1	Non-current assets			
		(a) Fixed assets	10		
		(i) Tangible assets		5,259.40	5,186.40
		(ii) Intangible assets		0.11	0.15
		(iii) Capital work-in-progress		195.02	193.84
				5,454.53	5,380.39
		(b) Non-current investments	11	613.83	613.83
				613.83	613.83
		(c) Long-term loans and advances	12	30.80	19.27
				30.80	19.27
	2	Current assets			
		(a) Current investments	13	-	580.77
		(b) Inventories	14	939.00	978.72
		(c) Trade receivables	15	1,637.07	2,385.56
		(d) Cash and Bank Balances	16	1,644.10	903.56
		(e) Short-term loans and advances	17	706.74	981.52
				4,926.91	5,830.13
		Total		11,026.07	11,843.62
		Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 40		

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

N.Krishnamurthy
 Partner

 Place: Chennai
 Date : May 30, 2016

S.Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016

₹ in Lakhs

	Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I	Revenue			
	Revenue from operations (Gross)	18	23,279.18	30,701.17
	Less: Excise Duty		1,920.44	2,771.66
	Revenue from operations (Net)		21,358.74	27,929.51
II.	Other income	19	293.75	304.10
III.	Total Revenue (I + II)		21,652.49	28,233.61
IV.	Expenses:			
	Cost of materials consumed	20	15,302.39	21,390.73
	Changes in inventories of finished goods	21	56.66	(55.38)
	Other Direct Manufacturing Expenses	22	1,434.64	1,708.85
	Employee benefits expense	23	1,010.58	932.44
	Finance costs	24	120.86	248.00
	Depreciation and amortization expenses	10	273.67	254.26
	Other expenses	25	2,028.56	2,118.33
	Total expenses		20,227.36	26,597.23
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,425.13	1,636.38
VI.	Exceptional items		-	-
VII.	Profit before tax (V-VI)		1,425.13	1,636.38
VIII.	Tax expense:			
	a. Current Tax		449.53	476.80
	Less: MAT Credit Entitlement		-	-
	b. Deferred Tax		57.15	29.09
	Total Tax Expenses		506.68	505.89
IX	Profit (Loss) for the year (VII - VIII)		918.45	1,130.49
X	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(a) Basic (Rs.per Share)		1.56	1.92
	(b) Diluted (Rs.Per Share)		1.56	1.92
	Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 40		

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

N.Krishnamurthy
 Partner

 Place: Chennai
 Date : May 30, 2016

S. Sundaramurthy
 Company Secretary

Cyrus Kallupurackal
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) after Extra-ordinary items	1425.13	1,636.38
Adjustments for :		
Depreciation and Amortisation Expenses	273.67	254.26
Rental Income	(159.57)	(159.04)
Interest Income	(18.18)	(24.37)
Dividend Income	(10.27)	(18.97)
Finance Costs	85.76	186.31
Loss on Sale of Assets	1.57	-
Net gain on sale of Current Investments	(12.66)	(26.49)
Exchange Fluctuation Gain (Net)	(73.57)	(72.21)
Liability no Longer required Written Back	-	(9.00)
Provision Written off / (back) for Diminution in value of Investments	-	1.12
(Profit) / Loss on Sale of Shares		
	86.75	131.61
Operating Profit before Working Capital changes	1,511.88	1,767.99
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets		
Inventories	39.72	(378.19)
Trade receivables	748.52	702.04
Exchange Fluctuation Gain (Net)	73.57	72.21
Short-term loans and advances	251.72	(268.34)
Long-term loans and advances	(11.53)	(10.60)
Adjustments for increase / (decrease) in operating Liabilities		
Trade payables	176.42	(350.40)
Other current liabilities	50.96	149.88
Other Long term liabilities	(36.54)	11.23
Short-term provisions	(797.09)	130.30
Long-term provisions		
Increase / Decrease Other Payable	495.75	58.13
Less: Taxes Paid	426.47	391.00
Net Cash Generation from Operating Activities - A	1,581.16	1,435.12
B CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets	(349.41)	(484.39)
Redemption of Investment	580.77	(101.37)
Rental Income	159.57	159.04
Interest Income	18.18	24.37
Dividend Income	10.27	18.97
Net gain on sale of Current Investments	12.66	26.49
Provision Written off / (back) for Diminution in value of Investments	-	7.88
Net Cash from investing activities - B	432.03	(349.01)
C CASH FLOW FROM FINANCING ACTIVITIES		
Short-term borrowings	(478.63)	492.04
Finance Costs Paid	(85.76)	(186.31)
Dividend Paid	(708.26)	(708.25)
Net Cash from Financing activities - C	(1,272.65)	(402.52)
D Net Increase / (Decrease) in Cash and Cash equivalents A+B+C	740.54	683.59
E Cash and Cash equivalents at the beginning of the year	903.56	219.97
F Cash and Cash equivalents at the close of the year (Refer Note-16)	1,644.10	903.56

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

N.Krishnamurthy
 Partner

 Place : Chennai
 Date : May 30, 2016

S. Sundaramurthy
 Company Secretary

Cyrus Kallapurackal
 Chief Financial Officer

NOTES FORMING PART OF 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 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 cost 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.5000/- 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.

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**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 accordingly 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 segment 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, 2016		As at 31st March, 2015	
		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 Forfeited	-	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, 2016		As at 31st March, 2015	
	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, 2016		As at 31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(a)	BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%
(b)	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%

IV Shares held by Holding Company

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%

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 Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note 3:		
Reserves & Surplus		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance	0.40	0.40
(a)		
b. Surplus in Statement of Profit and loss		
Opening balance	540.17	245.87
Add: Net Profit For the year	918.45	1,130.49
Less: Depreciation as per Schedule II	-	127.92
Less: Interim Dividend/(Final Dividend) @10%	588.46	588.46
Less: Tax on Dividend	119.80	119.80
Closing Balance	750.36	540.17
(b)		
Total (a+b)	750.76	540.57
Note 4:		
Deferred Tax Liability (Net)		
Deferred Tax Liability		
- Depreciation on Fixed Assets	455.00	401.69
Deferred Tax Asset		
- Provision for Employee Benefits, etc.,	1.41	5.24
Deferred Tax Liability (Net)		
	453.59	396.45
Note 5:		
Other Long Term Liabilities		
Deposits	26.02	56.36
Other Payables	27.99	34.19
Total		
	54.01	90.55
Note 6:		
Short Term Borrowings		
Loans repayable on demand from Banks - Secured		
Cash Credit - Indian Bank	1,793.92	2,272.55
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
Total		
	1,793.92	2,272.55
Note 7:		
Trade payables		
Trade payables	1,450.36	1,273.94
Total		
	1,450.36	1,273.94

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note 8:		
Other Current Liabilities		
(a) Unpaid dividends	222.47	37.27
(b) Other payables		
Statutory Liabilities	94.22	147.64
Advance from Customers	152.85	238.54
Employee Benefits -Funded	2.26	12.62
Others	97.31	82.08
Total	569.11	518.15
Note 9:		
Short Term Provisions		
Proposed Dividend	-	588.46
Tax on Proposed Dividend	-	119.80
Provision for Employee Benefits	29.78	57.64
Provision for Taxation (Net of Advance Tax/TDS)	5.86	66.83
Total	35.64	832.73
Note 11:		
Non Current Investment		
Investment in Foreign Subsidiary		
Kothari Petrochemicals Pte. Ltd., Singapore 1,00,000 shares of USD 10 each fully paid up (unquoted, at cost)	613.83	613.83
Total	613.83	613.83
Note 12:		
Long Term Loans and Advances		
Unsecured, considered good		
Advance recoverable in cash or in kind or value to be Received	30.80	19.27
Total	30.80	19.27

NOTES FORMING PART OF FINANCIAL STATEMENTS
**Note 10:
Fixed Assets**

₹ in Lakhs

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2015	Additions	Deletions (Diposal)	As on 31.03.2016	As on 01.04.2015	Depreciation charge for the year	Adjustment Due to Revaluation/ Transition Reserve	Deductions on Disposals	As on 31.03.2016	As on 31.03.2015
a										
Tangible Assets										
Land	278.47	-	-	278.47	-	-	-	-	278.47	278.47
Undivided Share of Land	217.41	-	-	217.41	-	-	-	-	217.41	217.41
Buildings	1,444.05	27.76	-	1,471.81	306.74	119.63	-	426.37	1,045.44	1,137.30
Buildings given on Lease	1,503.20	-	-	1,503.20	74.36	23.78	-	98.14	1,405.06	1,428.84
Plant & Machinery	2,953.65	303.73	-	3,257.38	919.17	107.34	-	1,026.51	2,230.87	2,034.48
Furniture & Fittings	43.62	-	-	43.62	12.12	4.00	-	16.12	27.50	31.51
Vehicles	69.18	4.83	26.01	48.00	42.82	7.30	-	32.35	15.65	26.36
Office Equipment	35.06	12.41	-	47.47	21.43	4.09	-	25.52	21.94	13.63
Computers	48.45	6.16	-	54.61	30.05	7.50	-	37.55	17.06	18.40
Total - a	6,593.09	354.89	26.01	6,921.97	1,406.69	273.64	-	17.77	5,259.40	5,186.40
b										
Intangible Assets										
Intangible Assets-Software	0.17	-	-	0.17	0.02	0.03	-	-	0.11	0.15
Total - b	0.17	-	-	0.17	0.02	0.03	-	-	0.11	0.15
Total (a+b)	6,593.26	354.89	26.01	6,922.14	1,406.71	273.67	-	17.77	5,259.51	5,186.55
Previous year	5,725.26	868.00	-	6,593.25	1,024.53	254.26	127.93	1,406.71	5,186.53	4,700.73

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 13: Current Investments				Net Asset Value		Particulars	Cost	
				As at 31.03.2016	As at 31.03.2015		As at 31.03.2016	As at 31.03.2015
Units		Net Asset Value		Particulars	Cost			
As at 31.03.2016 Nos.	As at 31.03.2015 Nos.	As at 31.03.2016	As at 31.03.2015		As at 31.03.2016	As at 31.03.2015		
-	16,45,130	-	167.16	INVESTMENTS IN MUTUAL FUNDS (UNQUOTED)	-	168.28		
-	-	-	-	MF- HDFC FLOATING RATE INCOME FUND - STP - DIRECT - MDR	-	1.12		
-	-	-	-	Less: Provision for Diminution in Value	-	-		
-	-	-	-	Total	-	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		
-	Total	-	581.33	Total	-	580.77		

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 14		
Inventories		
(a) Raw Materials and components	368.98	460.33
(b) Raw Materials in transit	285.77	277.05
(c) Finished goods	53.37	117.10
(d) Stores and spares	228.30	121.94
(e) Packing Material	2.58	2.30
For Mode of Valuation, refer Note-1 - B - (6)	Total	939.00
		978.72
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	1,636.55	2,383.85
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	0.52	1.71
	Total	1,637.07
		2,385.56
Note - 16		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	1.51	0.90
b. Balances with banks		
(i) Current Accounts	61.40	56.48
(ii) Deposit account with less than 3 months maturity	1,300.00	500.00
	Total (i)	1,362.91
		557.38
ii Other Bank Balances		
a. Unpaid dividend accounts	222.47	37.27
b. Balances with Bank to the extent held as Margin Money	58.72	308.91
	Total (ii)	281.19
		346.18
	Total (i+ii)	1,644.10
		903.56
Note 17:		
Short-term loans and advances		
Unsecured, considered good		
(a) Advance-Capital expenditure	92.85	-
(b) Employee Advance	5.71	5.08
(c) Deposits	193.52	208.68
(d) Prepaid Expenses	18.76	19.82
(e) Balance with Statutory Authorities	63.05	125.62
- With Customs & Central Excise Authorities		
(f) Advance to suppliers	283.55	589.46
(g) Other Advance	49.30	32.86
	Total	706.74
		981.52

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 18		
Revenue from Operations		
a) Sale of Products		
Poly Iso Butene	17,885.05	24,846.56
LPG	4,455.41	4,772.88
Light Polymer	683.96	880.28
Others	95.82	84.95
b) Other Operating revenues		
Sale of Scrap	2.33	8.14
Duty Drawback on Exports	86.51	82.18
Tolling Income	70.05	-
Liabilities no Longer required written Back	-	9.00
Miscellaneous Income	0.05	17.18
Total	23,279.18	30,701.17
Note - 19		
Other income		
Rental Income	159.57	159.04
Interest Income	18.18	24.37
Dividend Income	10.27	18.97
Net gain on sale of Current Investments	12.66	26.49
Insurance Claim	18.38	3.02
Provision on diminition of Investment written back	1.12	-
Exchange Fluctuation gain/loss	73.57	72.21
Total	293.75	304.10
Note - 20		
Cost of Materials Consumed		
C4 Feed	15,200.23	21,261.40
Aluminium Chloride	21.53	18.92
Caustic Soda	79.76	109.14
Others	0.87	1.27
Total	15,302.39	21,390.73
Note - 21		
Changes in inventories of Finished Goods		
Opening Stock	117.10	54.73
Closing Stock	53.37	117.10
Net Change	63.73	(62.37)
Add:Excise Duty Adjustment for movement in Finished goods inventory	(7.07)	6.99
Total	56.66	(55.38)
Note - 22		
Other Direct Manufacturing Expenses		
Power & Fuel	1,113.47	1,276.67
Water	79.67	86.18
Stores Consumed	241.50	346.00
Total	1,434.64	1,708.85

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 23		
Employee Benefits Expenses		
Salaries, Wages and Bonus	816.09	744.63
Contributions to Provident & Other Funds	62.18	58.55
Staff welfare expenses	132.31	129.26
Total	1,010.58	932.44
Note - 24		
Finance Costs		
Interest expense	85.76	186.31
Other borrowing costs	35.10	61.69
Total	120.86	248.00
Note - 25		
Other Expenses		
Rent	137.07	137.09
Repairs & Maintenance - Plant & Machinery	319.51	483.83
Repairs & Maintenance - Buildings	25.48	123.41
Repairs & Maintenance - Others	61.83	56.90
Insurance	36.15	53.15
Packing Materials	297.63	245.52
Freight Charges	489.23	179.73
Rates & Taxes	44.94	215.25
Travelling Expenses	111.70	141.68
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.70
- Tax Audit	0.40	0.40
Sitting Fee to Directors	5.85	3.32
Legal and Professional charges	69.39	82.90
Commission and Discount	207.70	181.48
Interest on Income Tax	-	2.13
Provision for Diminution in value of Investments	-	1.12
Printing & Stationery	15.82	12.52
Telephone Expenses	19.36	15.78
Corporate Social Responsibility Expenditure	24.00	16.75
Donation	3.79	40.12
Loss on Sale Assets	1.57	-
Administration & Miscellaneous Expense	154.44	122.55
Total	2,028.56	2,118.33

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 "Changes in Inventories of Finished goods Note-21" for current year.

Note 27: Commitments

Estimated amount of Contracts remaining to be executed on capital account for Rs.225.71 Lakhs (Previous year Rs.6.19 Lakhs)

Note 28 : Contigent Liability

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

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

Particulars	31.03.2016		31.03.2015	
	Value (Rs. In Lakhs)	%	Value (Rs. In Lakhs)	%
Raw Materials & Chemicals				
a) Imported	-	-	1,253	5.86%
b) Indigenious	15,302	100%	20,138	94.14%
Total	15,302	100%	21,391	100%
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenious	241	100%	346	100%
Total	241	100%	346	100%

Note 30: Expenditure incurred in Foreign Currency

₹ In Lakhs

Particulars	31.03.2016	31.03.2015
a) Travelling	35	41
b) Commission	24	28

Note 31: Related Party Transactions

Refer page Nos.66 & 67 for the details of Related Party Transactions.

Note 32: Earnings in Foreign Currency Realised During the year

₹ In Lakhs

Particulars	31.03.2016	31.03.2015
Export Sales	5,091	5,168

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.2.26 Lakhs (previous year Rs.3.69 Lakhs) in the Statement of Profit & Loss for the year ended 31st March 2016.

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ In Lakhs

Particulars	2015-16	2014-15
Basic Assumptions	Indian Assured Lives (2006 – 08) Mortality Table Ultimate	
Date of Valuation:	31-03-2016	31-03-2015
Rate of Discount (p.a)	7.80%	7.80%
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	8.75%	8.70%
Projected benefit obligation at the beginning of the period	346.60	301.33
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Actuarial loss / (gain)	(5.97)	(22.10)
Benefits paid	(50.67)	(32.68)
Projected benefit obligation at the end of the period	326.64	346.61
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the period	326.64	346.61
Fair value of plan assets at end of the period	309.19	307.20
Liability recognized in the Balance Sheet	17.45	39.41
Cost for the period		
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Expected return on plan assets	(25.92)	(25.75)
Net actuarial (gain)/loss recognized in the period	(3.91)	(23.97)
Total	6.85	50.34
Less: Share of contribution of Promoter Company	4.59	46.65
Net Cost recognized in Statement of Profit & Loss	2.26	3.69

Note 34: 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 Lakhs

Geographical segments	Revenue for the year ended March 31, 2016	Revenue for the year ended March 31, 2015
Outside India	5,091	5,168
India	16,562	23,066
Total	21,653	28,234

NOTES FORMING PART OF FINANCIAL STATEMENTS**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.137.07 Lakhs (previous Year Rs.137.09 Lakhs) has been debited to rent account, being the rent paid on premises which has been taken on operating lease.

Note 37: Earnings per Share

Particulars	31.03.2016	31.03.2015
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 Lakhs)	918.45	1,130.49
Basic and Diluted Earnings Per Share (Rs.)	1.56	1.92

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: Previous Year Figures

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

N.Krishnamurthy
Partner

Place: Chennai
Date : May 30, 2016

S. Sundaramurthy
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 31 - Related Party Transactions
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 LLP
	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	Parasakthi Trading Co. Pvt. Ltd.
	Affiliated Trust	HCK Education and Development Trust
	Wholly owned Subsidiary	Kothari Petrochemicals Pte. Ltd., Singapore
	Step down Subsidiary	Kothari Petochemicals HK Limited, Hong Kong
ii) Key Management Personnel	Chairman	Mr.B.H. Kothari (till 22.02.2015)
	Chairperson	Mrs.Nina B. Kothari
	Managing Director	Mr.Arjun B. Kothari (w.e.f. 08.04.2015)

₹ In Lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Limited		Parasakthi Trading Co. Pvt. Limited	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent	-	-	15.60	15.60	16.64	16.64	-	-	-	-	30.00	30.00
Commission Paid	-	-	-	-	-	-	-	-	91.53	86.70	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	24.08
Common Expenses	42.18	42.10	-	-	-	-	0.74	0.92	-	-	-	-
Locker Rent	-	-	-	-	0.09	0.09	-	-	-	-	-	-
Professional Services	126.50	277.40	-	-	-	-	-	-	-	-	-	-
Sales Revenue	0.71	0.86	-	-	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-	-	600.00
Sitting Fees	-	-	-	-	-	-	-	-	-	-	-	-
Salary & Commission	-	-	-	-	-	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	Nil	Nil	Nil	Nil	Nil	Nil	0.07 CR	0.14 CR	Nil	3.30 CR	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ In Lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)										
	Santoor Commercials Pvt. Limited		Key Management Personnel		Kothari Petrochemicals HK Limited		HCK Educational and Development Trust				
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	
Rent	48.00	48.00	-	-	-	-	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Sales Revenue	-	-	-	-	1,075.80	1,340.31	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	1.35	0.19	-	-	-	-	-	-	-
Salary & Commission	-	-	49.07	76.32	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	24	17	-
Closing Balance	Nil	Nil	Nil	27.46 CR	37.28	150.44	Nil	Nil	Nil	Nil	Nil

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**To the Members of Kothari Petrochemicals Limited
Report on the Consolidated 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 March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is 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 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 judgements 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 consolidated 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.

Auditors' 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 disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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. An audit also includes evaluating the appropriateness of accounting policies used and the 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 other auditors in terms of their reports referred to in the Other Matters, 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 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary company, Kothari Petrochemicals Pte. Limited, Singapore and its step down subsidiary Kothari Petrochemicals HK Limited, Hong Kong, whose financial statements/ financial information reflect total assets of Rs.1,423.56 Lakhs as at 31st March, 2016, total revenues of Rs. 1,161.67 Lakhs and net increase in cash flows amounting to Rs.91.37 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 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 auditors.

Report on Other Legal and Regulatory Requirements:

- 1) The Companies (Auditor's Report) Order 2016 ("the order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act with regard to matters specified in paragraphs 3 and 4 of the order is not applicable to the aforesaid Financial Statements.
- 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 purposes of 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 representation received from the directors of the Holding company as on 31st March 2016 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 2016 from being appointed as directors in terms of section 164(2) of the Act. This clause is not applicable to the subsidiary companies as they are incorporated outside India.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 discloses the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice— Refer Note 27 to the consolidated financial statements.
 - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There was no amount required to be transferred, to the Investor Education and Protection Fund by the Group

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

N. Krishnamurthy
Partner
M.No.019339

Place : Chennai
Date : May 30, 2016

AUDITORS' REPORT**Annexure - A to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kothari Petrochemicals Limited (hereinafter referred to as "the Holding Company") as of 31 March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, which is company incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company, which is a company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Internal Financial Controls Over Financial Reporting is not mandatory for the subsidiary company Kothari Petrochemicals Pte. Limited, Singapore and its step down subsidiary Kothari Petrochemicals HK Limited, Hong Kong which are incorporated outside India.

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

N. Krishnamurthy
Partner
M.No.019339

Place : Chennai
Date : May 30, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

₹ in Lakhs

		Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I		EQUITY AND LIABILITIES			
	1	Shareholders' Funds			
		(a) Share Capital	2	5,918.68	5,918.68
		(b) Reserves and Surplus	3	904.36	618.13
				6,823.04	6,536.81
	2	Non-current liabilities			
		(a) Deferred tax liabilities (Net)	4	453.59	396.45
		(b) Other Long term liabilities	5	54.01	90.55
				507.60	487.00
	3	Current liabilities			
		(a) Short-term borrowings	6	1,793.92	2,272.55
		(b) Trade payables	7	1,450.36	1,273.94
		(c) Other current liabilities	8	574.39	522.96
		(d) Short-term provisions	9	35.64	832.70
				3,854.31	4,902.15
		Total		11,184.95	11,925.96
		ASSETS			
	1	Non-current assets			
		(a) Fixed assets	10		
		(i) Tangible assets		5,259.40	5,186.40
		(ii) Intangible assets		0.11	0.15
		(iii) Capital work-in-progress		195.01	193.84
				5,454.52	5,380.39
		(b) Long-term loans and advances	11	30.80	19.27
				30.80	19.27
	2	Current assets			
		(a) Current investments	12	540.97	1,112.45
		(b) Inventories	13	939.00	978.68
		(c) Trade receivables	14	1,625.55	2,395.04
		(d) Cash and Bank Balances	15	1,883.70	1,051.79
		(e) Short-term loans and advances	16	710.41	988.34
				5,699.63	6,526.30
		Total		11,184.95	11,925.96
		Significant Accounting Policies & Notes to Accounts forming part of financial statements	1 - 39		

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

N.Krishnamurthy
 Partner

 Place: Chennai
 Date : May 30, 2016

S. Sundaramurthy
 Company Secretary

Cyrus Kallapurackal
 Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016

₹ in Lakhs

	Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I.	Revenue from operations (Gross)	17	23,344.01	30,793.72
	Less: Excise Duty		1,920.44	2,771.66
	Revenue from operations (Net)		21,423.57	28,022.06
II.	Other income	18	314.78	318.72
III.	Total Revenue (I + II)		21,738.35	28,340.78
IV.	Expenses:			
	Cost of materials consumed	19	15,311.31	21,400.04
	Changes in inventories of finished goods	20	56.66	(55.38)
	Other Direct Manufacturing Expenses	21	1,434.64	1,708.83
	Employee benefits expense	22	1,010.58	932.43
	Finance costs	23	120.86	248.00
	Depreciation and amortization expenses	10	273.67	254.26
	Other expenses	24	2,069.82	2,153.20
	Total expenses		20,277.54	26,641.38
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,460.81	1,699.40
VI.	Exceptional items		-	-
VII.	Profit before tax (V-VI)		1,460.81	1,699.40
VIII.	Tax expense:			
	a. Current Tax		449.53	476.80
	Less: MAT Credit Entitlement		-	-
	b. Deferred Tax		57.15	29.09
	Total Tax Expenses		506.68	505.89
IX.	Profit (Loss) for the year (VII - VIII)		954.13	1,193.51
X.	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	a. Basic (Rs.per Share)		1.62	2.03
	b. Diluted (Rs.Per Share)		1.62	2.03
	Significant Accounting Policies & Notes to Accounts forming part of financial statements	1-39		

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**N.Krishnamurthy**
PartnerPlace: Chennai
Date : May 30, 2016**S. Sundaramurthy**
Company Secretary**Cyrus Kallupurackal**
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

₹ in Lakhs

Particulars	31.03.2016		31.03.2015	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) after Extra-ordinary items		1,460.81		1,699.40
Adjustments for :				
Depreciation and Amortisation Expenses	273.67		254.26	
Rental Income	(159.57)		(159.04)	
Interest Income	(18.18)		(24.37)	
Dividend Income	(31.30)		(33.62)	
Loss on sale of assets	1.57			
Finance Costs	85.76		193.83	
Net gain on sale of Current Investments	(12.66)		(26.49)	
Exchange Fluctuation Gain (Net)	(73.57)		(72.21)	
Liability no Longer required Written Back	-		(9.00)	
Provision Written off / (back) for Diminution in value of Investments	-		1.12	
		65.72		124.48
Operating Profit before Working Capital changes		1,526.53		1,823.88
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets				
Inventories	39.68		(378.19)	
Trade receivables	769.52		695.25	
Exchange Fluctuation Gain (Net)	73.57		72.21	
Short-term loans and advances	254.87		(275.15)	
Long-term loans and advances	(11.53)		(10.60)	
Adjustments for increase / (decrease) in operating Liabilities				
Trade payables	176.42		(348.97)	
Other current liabilities	51.43		151.34	
Other Long term liabilities	(36.54)		11.23	
Short-term provisions	(797.06)		130.30	
Long-term provisions				
Increase / Decrease Other Payable		520.36		47.42
Less: Taxes Paid		426.47		391.00
Net Cash Generation from Operating Activities - A		1,620.42		1,480.30
B CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assets		(349.40)		(484.39)
Redemption of Investment		571.48		(482.22)
Rental Income		159.57		159.04
Interest Income		18.18		24.37
Dividend Income		31.30		33.62
Net gain on sale of Current Investments		12.66		26.49
Foreign Currency translation Adjustments (Foreign Subsidiaries)		40.36		26.06
Provision Written off / (back) for Diminution in value of Investments		-		7.88
Net Cash from investing activities - B		484.14		(689.15)
C CASH FLOW FROM FINANCING ACTIVITIES				
Short-term borrowings		(478.63)		492.04
Finance Costs Paid		(85.76)		(193.83)
Dividend Paid		(708.26)		(708.25)
Net Cash from Financing activities - C		(1,272.65)		(410.04)
D Net Increase / (Decrease) in Cash and Cash equivalents A+B+C		831.91		381.11
E Cash and Cash equivalents at the beginning of the year		1,051.79		670.68
F Cash and Cash equivalents at the close of the year (Refer Note-15)		1,883.70		1,051.79

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

N.Krishnamurthy
 Partner

 Place: Chennai
 Date : May 30, 2016

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, 2016.
- (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, 2016	As at 31 March, 2015
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 cost 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 accordingly 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 segment 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, 2016		As at 31st March, 2015	
		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 Forfeited	-	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, 2016		As at 31st March, 2015	
	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, 2016		As at 31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(a)	BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%
(b)	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%

IV Shares held by Holding Company

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%

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 Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note 3:		
Reserves & Surplus		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance (a)	0.40	0.40
b. Foreign Currency Translation reserve (b)	54.89	14.53
c. Surplus in Statement of Profit and loss		
Opening balance	603.20	245.86
Add: Net Profit For the year	954.13	1,193.51
Less: Depreciation as per Schedule II	-	127.92
Less: Interim Dividend/(Final Dividend)@10%	588.46	588.46
Less: Tax on Dividend	119.80	119.79
Closing Balance (c)	849.07	603.20
Total (a+b+c)	904.36	618.13
Note - 4		
Deferred Tax Liability (Net)		
Deferred Tax Liability		
- Depreciation on Fixed Assets	455.00	401.69
Deferred Tax Asset		
- Provision for Employee Benefits, etc.,	1.41	5.24
Deferred Tax Liability (Net)	453.59	396.45
Note - 5		
Other Long Term Liabilities		
Deposits	26.02	56.36
Other Payables	27.99	34.19
Total	54.01	90.55
Note - 6		
Short Term Borrowings		
Loans repayable on demand from Banks - Secured		
Cash Credit - Indian Bank	1,793.92	2,272.55
The Facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
Total	1,793.92	2,272.55
Note - 7		
Trade payables		
Trade payables	1,450.36	1,273.94
Total	1,450.36	1,273.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 8		
Other Current Liabilities		
(a) Unpaid dividends	222.47	37.27
(b) Other payables		
Statutory Liabilities	94.22	147.64
Advance from Customers	152.85	238.53
Employee Benefits -Funded	2.26	12.61
Others	102.59	86.91
Total	574.39	522.96
Note - 9		
Short Term Provisions		
Proposed Dividend	-	588.46
Tax on Proposed Dividend	-	119.79
Provision for Employee Benefits	29.78	57.63
Provision for Taxation (Net of Advance Tax & TDS)	5.86	66.82
Total	35.64	832.70
Note - 11		
Long Term Loans and Advances		
Unsecured, considered good		
Advance Recoverable in Cash or in Kind or Value to be Received	30.80	19.27
Total	30.80	19.27
Note - 13		
Inventories		
(a) Raw Materials and components	368.98	460.32
(b) Raw Materials in transit	285.77	277.04
(c) Finished goods	53.37	117.09
(d) Stores and spares	228.30	121.93
(e) Packing Material	2.58	2.30
Total	939.00	978.68
For Mode of Valuation, refer Note-1 -B - (6)		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 10:
Fixed Assets
 ₹ in Lakhs

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2015	Additions	Deletions	As on 31.03.2016	As on 01.04.2015	Depreciation charge for the year	Adjustment Due to Revaluation/ Transition Reserve	Deductions on Disposals	As on 31.03.2016	As on 31.03.2015
a Tangible Assets										
Land	278.47	-	-	278.47	-	-	-	-	278.47	278.47
Undivided Share of Land	217.41	-	-	217.41	-	-	-	-	217.41	217.41
Buildings	1,444.05	27.76	-	1,471.81	306.74	119.63	-	-	1,045.44	1,137.30
Buildings given on Lease	1,503.20	-	-	1,503.20	74.36	23.78	-	-	1,405.06	1,428.84
Plant & Machinery	2,953.65	303.73	-	3,257.38	919.17	107.34	-	-	2,230.87	2,034.48
Furniture & Fittings	43.62	-	-	43.62	12.12	4.00	-	-	27.50	31.51
Vehicles	69.18	4.83	26.01	48.00	42.82	7.30	-	17.77	15.65	26.36
Office Equipment	35.06	12.41	-	47.47	21.43	4.09	-	-	21.94	13.63
Computers	48.45	6.16	-	54.61	30.05	7.50	-	-	17.06	18.40
Total - a	6,593.09	354.89	26.01	6,921.97	1,406.69	273.64	-	17.77	5,259.40	5,186.40
b Intangible Assets										
Intangible Assets-Software	0.17	-	-	0.17	0.02	0.03	-	-	0.11	0.15
Total - b	0.17	-	-	0.17	0.02	0.03	-	-	0.11	0.15
Total (a+b)	6,593.26	354.89	26.01	6,922.14	1,406.71	273.67	-	17.77	5,259.51	5,186.55
Previous year	5,725.26	868.00	-	6,593.25	1,024.53	254.26	127.93	-	5,186.53	4,700.73

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Units		Net Asset Value		Particulars	Cost		
		As at 31.03.2016	As at 31.03.2015		As at 31.03.2016	As at 31.03.2015	
As at 31.03.2016 Nos.	As at 31.03.2015 Nos.						
-	16,45,130	-	167.16	INVESTMENTS IN MUTUAL FUNDS (UNQUOTED)			
-	15,802	-	160.78	MF- HDFC Floating Rate Income Fund - STP - Direct - MDR		168.28	
-	1,35,994	-	253.39	Less:Provision for Diminution in Value	-	1.12	
				Total	-	167.16	
-		-		MF- Reliance Money Manager Fund - INSTL - Monthly Dividend	-	160.42	
-		-		MF- Birla Sun Life Floating Rate Fund - STP - Growth - Direct Plan	-	253.19	
70,225	70,225	540.97	531.68	PIMCO Income & Capital Securities Fund-Held by Hong Kong Subsidiary	571.38	539.15	
				Less:Provision for Diminution in Value	30.41	7.47	
	Total	540.97	1,113.01	Total	540.97	531.68	
				Total	540.97	1,112.45	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
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	1,625.03	2,393.34
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	0.52	1.70
Total	1,625.55	2,395.04
Note - 15		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	1.51	0.90
b. Balances with banks		
(i) Current Accounts	301.00	204.71
(ii) Deposit account with less than 3 months maturity	1,300.00	500.00
Total (i)	1,602.51	705.61
ii Other Bank Balances		
a. Unpaid dividend accounts	222.47	37.27
b. Balances with Bank to the extent held as Margin Money	58.72	308.91
Total (ii)	281.19	346.18
Total (i+ii)	1,883.70	1,051.79
Note - 16		
Short-term loans and advances		
Unsecured, considered good		
a. Advance-Capital expenditure	92.85	-
b. Employee Advance	5.71	5.08
c. Deposits	193.52	208.68
d. Prepaid Expenses	22.43	26.64
e. Balance with Statutory Authorities	63.05	125.62
- With Customs & Central Excise Authorities		
f. Advance to suppliers	283.55	589.46
g. Other Advance	49.30	32.86
Total	710.41	988.34
Note - 17		
Revenue from Operations		
a) Sale of Products		
Poly Iso Butene	17,949.88	24,939.16
LPG	4,455.41	4,772.87
Light Polymer	683.96	880.27
Others	95.82	84.94
b) Other Operating revenues		
Sale of Scrap	2.33	8.13
Duty Drawback on Exports	86.51	82.18
Tolling Income	70.05	-
Liabilities no Longer required written Back	-	9.00
Miscellaneous Income	0.05	17.17
Total	23,344.01	30,793.72

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 18		
Other income		
Rental Income	159.57	159.04
Interest Income	18.18	24.36
Dividend Income	31.30	33.62
Net gain on sale of Current Investments	12.66	26.49
Insurance Claim	18.38	3.01
Prov on diminition of Investment written back	1.12	-
Exchange Fluctuation gain/loss	73.57	72.20
Total	314.78	318.72
Note - 19		
Cost of Materials Consumed		
C4 Feed	15,209.15	21,270.71
Aluminium Chloride	21.53	18.92
Caustic Soda	79.76	109.14
Others	0.87	1.27
Total	15,311.31	21,400.04
Note - 20		
Changes in inventories of Finished Goods		
Opening Stock	117.10	54.73
Closing Stock	53.37	117.10
Net Change	63.73	(62.37)
Add:Excise Duty Adjustment for movement in Finished goods inventory	(7.07)	6.99
Total	56.66	(55.38)
Note - 21		
Other Direct Manufacturing Expenses		
Power & Fuel	1,113.47	1,276.67
Water	79.67	86.17
Stores Consumed	241.50	345.99
Total	1,434.64	1,708.83
Note - 22		
Employee Benefits Expenses		
Salaries, Wages and Bonus	816.09	744.62
Contributions to Provident & Other Funds	62.18	58.55
Staff welfare expenses	132.31	129.26
Total	1,010.58	932.43
Note - 23		
Finance Costs		
Interest expense	85.76	186.31
Other borrowing costs	35.10	61.69
Total	120.86	248.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-16	As at 31-Mar-15
Note - 24		
Other Expenses		
Rent	137.07	137.08
Repairs & Maintenance - Plant & Machinery	319.51	483.83
Repairs & Maintenance - Buildings	25.48	123.41
Repairs & Maintenance - Others	61.83	56.89
Insurance	36.15	53.15
Packing Materials	297.63	245.52
Freight Charges	489.23	179.72
Rates & Taxes	28.45	215.25
Travelling Expenses	111.70	141.68
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.70
- Tax Audit	0.40	0.40
Sitting Fees to Directors	5.85	3.31
Legal and Professional charges	69.39	82.90
Commission and Discount	207.70	181.48
Interest on Income Tax	-	2.13
Provision for Diminution in value of Investments	-	1.12
Printing & Stationery	15.82	12.51
Telephone Expenses	19.36	15.77
Corporate Social Responsibility Expenditure	24.00	16.75
Donation	3.79	40.12
Loss on Sale Assets	1.57	-
Administration & Miscellaneous Expense	212.19	157.48
Total	2,069.82	2,153.20

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 "Changes in Inventories of Finished goods Note-20" for current year.

Note 26: Commitments

Estimated amount of Contracts remaining to be executed on capital account for Rs.225.71 Lacs (Previous year Rs.6.19 Lacs)

Note 27 : Contingent Liability

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

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

Particulars	31.03.2016		31.03.2015	
	Value (Rs. In Lacs)	%	Value (Rs. In Lacs)	%
Raw Materials & Chemicals				
a) Imported	-	-	1,253	5.86%
b) Indigenous	15,311	100.00%	20,147	94.14%
Total	15,311	100%	21,400	100%
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenous	241	100%	346	100.00%
Total	241	100%	346	100%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
Note 29: Expenditure incurred in Foreign Currency

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
a) Travelling	35	41
b Commission	24	28

Note 30: Related Part Transactions:

Refer page Nos.86 & 87 for the details of Related Party Transactions.

Note 31: Earnings in Foreign Currency

₹.n Lakhs

Particulars	31.03.2016	31.03.2015
Export Sales	5,155	5,260

Note 32: 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.2.26 Lacs (previous year Rs.3.69 Lacs) in the Statement of Profit & Loss for the year ended 31st March 2016.

₹ in Lakhs

Particulars	2015-16	2014-15
Basic actuarial assumptions	Indian Assured Lives (2006 – 08) Mortality Table: Ultimate	
Date of Valuation:	31-03-2016	31-03-2015
Rate of Discount (p.a)	7.80%	7.80%
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	8.75%	8.70%
Projected benefit obligation at the beginning of the period	346.60	301.33
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Actuarial loss / (gain)	(5.97)	(22.10)
Benefits paid	(50.67)	(32.68)
Projected benefit obligation at the end of the period	326.64	346.61
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	326.64	346.61
Fair value of plan assets at end of the period	309.19	307.20
Liability recognized in the balance sheet	17.45	39.41
Cost for the period		
Current service cost	10.50	77.26
Interest cost	26.18	22.80
Expected return on plan assets	(25.92)	(25.75)
Net actuarial (gain)/loss recognized in the period	(3.91)	(23.97)
Total	6.85	50.34
Less: Share of contribution of Promoter Company	4.59	46.65
Net Cost recognized in Statement of Profit & Loss	2.26	3.69

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 33: 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 Lakhs

Geographical segments	Revenue for the year ended March 31, 2016	Revenue for the year ended March 31, 2015
Outside India	5,155	5,260
India	16,583	23,081
Total	21,738	28,341

Note 34: 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 35: Operating Lease

A sum of Rs.137.07 lacs (previous year Rs.137.09 lacs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.

Note 36: Earnings per Share

The Earnings per share is as mentioned below:

Particulars	March 31, 2016	March 31, 2015
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)	954.13	1,193.51
Basic and Diluted Earnings Per Share (Rs.)	1.62	2.03

Note 37: 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 38: 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 39: Previous Year Figures

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

N.Krishnamurthy
Partner

Place: Chennai
Date : May 30, 2016

S. Sundaramurthy
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note 30 - Related Party Transactions
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 LLP |
| 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 | Parasakthi Trading Co. Pvt. Ltd. |
| Affiliated Trust | HCK Education and Development Trust |
- (ii) Key Management Personnel
- | | |
|-------------------|---|
| Chairman | Mr.B.H.Kothari (till 22.02.2015) |
| Chairperson | Mrs.Nina B. Kothari |
| Managing Director | Mr.Arjun B. Kothari (w.e.f. 08.04.2015) |

₹ in Lakhs

Nature of Transactions	Parties with significant influence (Direct and Indirect)									
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Limited	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent	-	-	15.60	15.60	16.64	16.64	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	91.53	86.70
Interest	-	-	-	-	-	-	-	-	-	-
Common Expenses	42.18	42.10	-	-	-	-	0.74	0.92	-	-
Locker Rent	-	-	-	-	0.09	0.09	-	-	-	-
Professional Services	126.50	277.40	-	-	-	-	-	-	-	-
Sales Revenue	0.71	0.86	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-
Salary & Commission	-	-	-	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-
Closing Balance	Nil	Nil	Nil	Nil	Nil	Nil	0.07 CR	0.14 CR	Nil	3.30 CR

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)							
	Parasakthi Trading Co. Pvt. Limited		Santoor Commercials Pvt. Limited		Key Management Personnel		HCK Educational and Development Trust	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent	30.00	30.00	48.00	48.00	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-
Interest	-	24.08	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Sales Revenue	-	-	-	-	-	-	-	-
Unsecured Loan/Repaid	-	600.00	-	-	-	-	-	-
Sitting Fees	-	-	-	-	1.35	0.19	-	-
Salary & Commission	-	-	-	-	49.07	76.32	-	-
CSR Payment	-	-	-	-	-	-	24	17
Closing Balance	Nil	Nil	Nil	Nil	Nil	27.46 CR	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	N.A.	N.A.
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.66.3329	USD, 1 USD=Rs.66.3329
3	Share capital	Rs.6,63,32,900	Rs.49,74,968
4	Reserves & surplus	(Rs.15,22,937)	Rs.1,19,56,256
5	Total assets	Rs.6,50,48,695	Rs.7,73,08,874
6	Total Liabilities (excluding Capital & Reserves)	Rs.2,38,732	Rs.6,03,77,651
7	Investments	Nil	Rs.5,40,97,073
8	Turnover (average rate)	Nil	Rs.11,40,63,954
9	Profit before taxation (average rate)	(Rs.6,81,619)	Rs.42,49,797
10	Provision for taxation	Nil	Nil
11	Profit after taxation (average rate)	(Rs.6,81,619)	Rs.42,49,797
12	Proposed Dividend	None	None
13	% of shareholding	100.00%	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

N.Krishnamurthy
Partner

Place: Chennai
Date : May 30, 2016

S. Sundaramurthy
Company Secretary

Cyrus Kallapurackal
Chief Financial Officer

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 27th Annual General Meeting of the company, to be held on Thursday the 04th day of August, 2016 at 10.30 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:

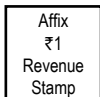
** I wish my above Proxy to vote in the manner as indicated in the box below

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.	Re-appointment of Mr.Arjun B Kothari who retires by rotation		
3.	Appointment of Auditors		
Special Business			
4.	Ratification of Remuneration to Cost Auditor		
5.	Increase in Remuneration to Mr.Arjun B Kothari, Managing Director		

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	

a) I hereby record my presence at the 27th Annual general meeting of the company, to be held on Thursday the 04th day of August, 2016 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.

b) Signature of the Shareholder / Proxy Present.

--

c) Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed..

4. 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

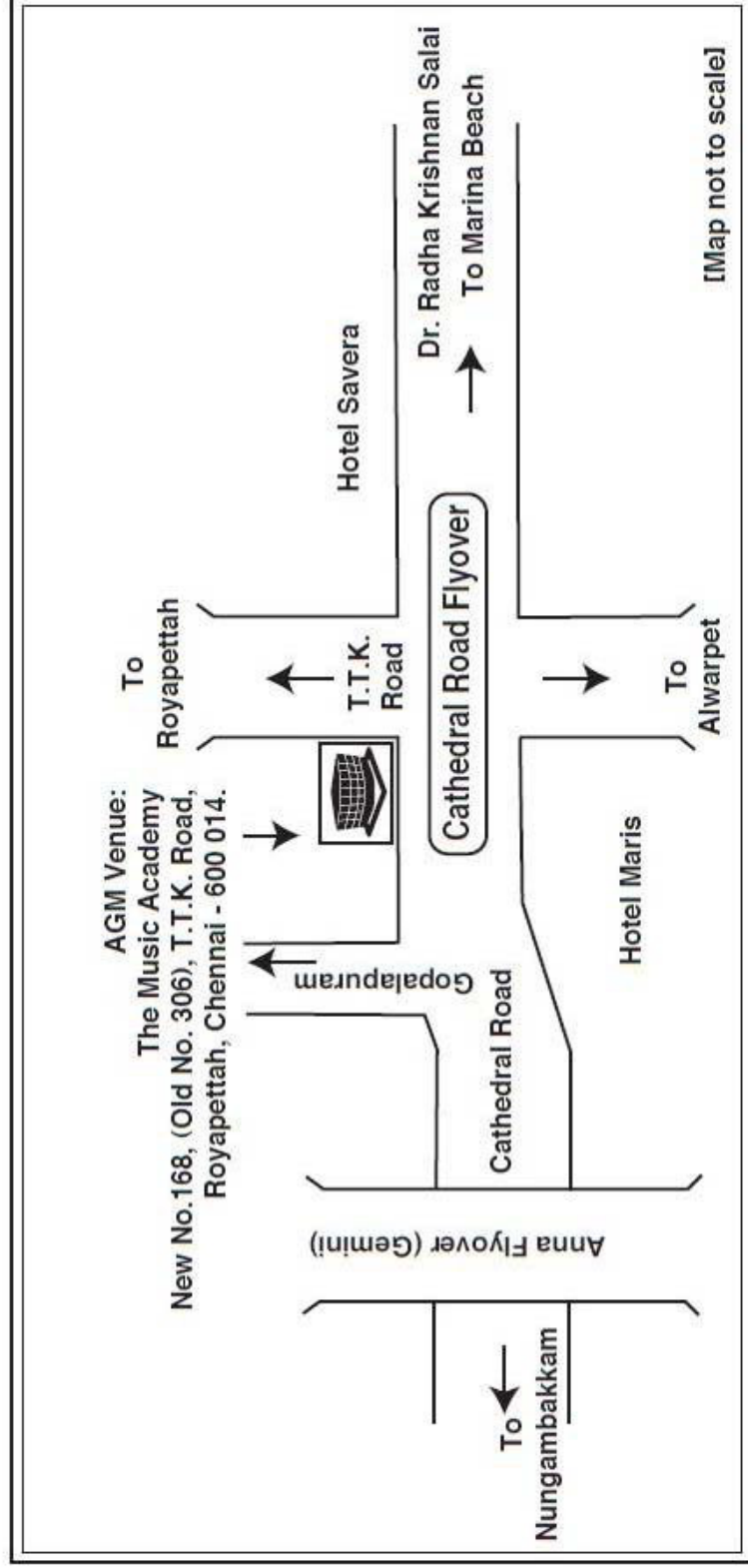
EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD
160628009	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Sunday, 31st July, 2016 at 9.00 A.M.	Wednesday, 03rd August, 2016 at 5.00 P.M.

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

**Route map for the venue of AGM of Kothari Petrochemicals Limited
to be held on Thursday 04th August 2016 at 10.30 A.M.**



If undelivered, please return to:

KOTHARI PETROCHEMICALS LIMITED

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