



# **Kothari Petrochemicals Limited**

## **29<sup>th</sup> Annual Report 2017 - 18**





## **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**

<b>Board of Directors</b>	:	Nina B. Kothari - Chairperson Arjun B. Kothari - Managing Director Pranab Kumar Rudra C.V.Sankar S.Sundarraman (with effect from 22 <sup>nd</sup> November, 2017)
<b>Company Secretary</b>	:	A. Thanikainathan
<b>Chief Financial Officer</b>	:	Cyrus Kallapurackal
<b>Statutory Auditors</b>	:	P.Chandrasekar LLP Chartered Accountants, Flat 4A, Fourth Floor, Dixit Griha Apartments, 10-11, Nyniappan Street, R.A. Puram, Chennai - 600 028.
<b>Internal Auditors</b>	:	K.R.Sarangapani & Co. Chartered Accountants, No.28/1, Anjuham Nagar, 1 <sup>st</sup> Street, Jafferkhanpet, Chennai - 600 083.
<b>Cost Auditors</b>	:	P. Raju Iyer, M. Pandurangan & Associates No.42, Flat 1B, Sundar Regency, 3 <sup>rd</sup> Street, Choolaimedu, Chennai - 600 094.
<b>Secretarial Auditor</b>	:	V.Vasumathy, Company Secretary in Practice No.10/23, Vinayagam Street, R.A. Puram, Chennai - 600 028.
<b>Legal Advisors</b>	:	S. Ramasubramaniam & Associates Advocates, No.6/1, Bishop Wallers Avenue (West), Mylapore, Chennai - 600 004.
<b>Registered Office</b>	:	"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
<b>Registrar &amp; Share Transfer Agent</b>	:	Cameo Corporate Services Limited Subramanian Building, 5 <sup>th</sup> Floor, No.1, Club House Road, Chennai - 600 002. Phone No. 044 - 28460390 to 28460394 Fax No. 044 - 28460129 e-mail: investor@cameoindia.com
<b>Listing</b>	:	The National Stock Exchange of India Limited (NSE)
<b>Stock Code</b>	:	<b>KOTHARIPET</b>
<b>ISIN</b>	:	<b>INE720A01015</b>
<b>CIN</b>	:	<b>L11101TN1989PLC017347</b>
<b>Manufacturing Unit</b>	:	No. 1/2-B, 33/5, Sathangadu Village, Tiruvottiyur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone No. 044 - 2594 1308 / 1309

## CONTENTS

	Page No.
Notice to the Members	3
Directors' Report	13
Management Discussion and Analysis	31
Corporate Governance Report	33
Auditors' Report	44
Balance Sheet	48
Statement of Profit and Loss	49
Cash Flow Statement	51
Notes Forming Part of Financial Statements	52

## FINANCIAL HIGHLIGHTS

₹. in Lakhs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>PROFITABILITY ITEMS</b>					
Gross Income	37,055.05	31,005.27	23,572.93	24,654.32	20,129.04
Profit (PBDIT)	1,519.77	2,138.64	1,806.52	1,457.30	1,949.88
<b>Profit/ (Loss) After Tax</b>	<b>790.64</b>	<b>1,130.49</b>	<b>918.45</b>	<b>580.75</b>	<b>957.60</b>
<b>BALANCE SHEET ITEMS</b>					
Net Fixed Assets	5,278.18	5,380.39	5,454.54	6,899.45	9,525.83
Investments	1,093.23	1,194.60	613.83	-	-
Total Capital Employed	6,611.61	6,946.25	7,168.11	8,618.32	9,692.19
<b>Shareholders Funds</b>	<b>6,164.95</b>	<b>6,459.25</b>	<b>6,669.44</b>	<b>7,083.69</b>	<b>7,862.95</b>
<b>RATIOS</b>					
Book Value per share (₹.)	10.40	10.98	11.33	12.05	13.36
EPS (₹.)	1.34	1.92	1.56	0.99	1.63
Return on Investment	12.82%	17.50%	13.77%	8.20%	12.18%
Dividend %	10%	10%	10%	5%	7.50%

**Note: Figures for FY 2016-17 & 2017-18 are based on Financial Statements prepared as per Ind-AS.**

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of Kothari Petrochemicals Limited will be held on Monday, 30<sup>th</sup> July 2018 at 10.00 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 the Audited financial statements of the Company for the financial year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of Re.0.75/- paise per equity share of the face value of ₹.10/- for the financial year 2017-18.
3. To appoint a Director in the place of Mr.Arjun B. Kothari, (DIN 07117816) who retires by rotation as a Director and being eligible offers himself for re-appointment.

**Special Business**

**4. Ratification of Remuneration to Cost Auditor**

To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution**:

“**Resolved that** subject to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014, (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹.50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to M/s. P.Raju Iyer, M.Pandurangan & Associates, Cost Accountant in practice for conducting the audit of cost records for the Poly Iso Butylene (PIB) unit of the Company for the year 2018-2019, be and is hereby ratified and confirmed.”

**5. Appointment of Mr. M. Rajavel, as whole time Director of the Company**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**Resolved that** pursuant to the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof, approval of the members of the company be and is hereby accorded for the appointment of Mr.M.Rajavel (DIN 08145611) as the whole time Director of the company for a period of three years with effect from 01<sup>st</sup> August 2018 upon the terms and conditions including remuneration as set out in this Resolution and sanctioned with authority to the Board of Directors of the Company to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit but subject to complying applicable provisions of laws at that point of time and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and whose directorship is liable to retirement by rotation.

**(a) Salary:**

₹. 3,72,607/- (Rupees Three Lakhs Seventy Two Thousand Six Hundred and Seven only) per month.

**(b) Perquisites:**

- (i) Perquisites including use of car with driver, personal accident insurance, medical insurance, leave travel allowance and other benefits as provided to the other Senior Executives of the Company, will be provided in accordance with the rules of the Company and the same will be evaluated as per Income Tax Rules, wherever applicable and in other cases at actual cost to the company.
- (ii) Leave encashment as per the Company's policy from time to time.
- (iii) Use of telephone at residence and mobile phone for Company's purpose, which will not be treated as Perquisite.
- (iv) Subscription fees for any one club as per the policy of the Company.

**NOTICE TO THE MEMBERS****(c) Contribution to funds:**

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

**(d) Annual Increment and Performance Bonus:**

The annual increment and performance Bonus shall be decided by the Nomination & Remuneration Committee and Board of Directors from time to time.

**"Resolved further that** in the event of there being inadequacy or absence of profits in any financial year during the currency of the tenure of the Whole Time Director, the above remuneration, and annual increment & performance bonus if any, excluding the perquisites mentioned under Section IV of Part II of Schedule V of Companies Act, 2013, shall be treated as minimum remuneration subject to limits mentioned under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limit as may be prescribed by the Government from time to time shall be paid."

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

**6. Appointment of Mr.S.Sundarraman as Independent Director**

To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

**"Resolved that** Mr. S. Sundarraman (DIN 01032768), who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 22, 2017 in terms of Section 161 of the Companies Act, 2013 and Article 133 of the Articles of Association of the Company, who shall hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years upto November 21, 2022 as per Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013".

**7. Re-appointment of Mr.Pranab Kumar Rudra, Independent Director of the Company**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

**"Resolved that** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pranab Kumar Rudra (DIN 00382665), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company and who is eligible for re-appointment, be and is hereby re-appointed for second term to hold office for five consecutive years from April 01, 2019 to March 31, 2024."

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

Place : Chennai  
Date : 29<sup>th</sup> May, 2018

**A. Thanikainathan**  
Company Secretary

**NOTICE TO THE MEMBERS****Important Notes:**

- a) **The Register of Members and Share Transfer books will remain closed from Tuesday, 24<sup>th</sup> July 2018 to Monday, 30<sup>th</sup> July, 2018 (both days inclusive) on account of the Annual General Meeting and determining the entitlement of the Shareholders to the Dividend for the year 2017-18.**
- 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 WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND 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. 10.00 a.m. on Saturday, 28<sup>th</sup> July, 2018. 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 25<sup>th</sup> May, 2018 recommended a Dividend at the rate (@ 7.5%) of Re.0.75/- paise per equity Share of ₹.10/- each for the financial year 2017 - 2018. The Dividend would be paid by not later than 28<sup>th</sup> August, 2018 to those shareholders whose names stand on Register of Members as of the close of business hours on Monday, 23<sup>rd</sup> July 2018, if declared. Dispatch of Dividend warrants / Demand Drafts / ECS credit would be done by 28<sup>th</sup> August 2018.
- i) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the financial years 2010-11 to 2016-17 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 Investor Education and Protection Fund (IEPF) along with due dates are furnished below. As per Section 124 (6) of the Companies Act, 2013, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF. The shareholders are entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Act.

Sl. No.	Nature of Dividend	Financial Year	Date of Declaration	Due Date for Transferr to IEPF
(i)	Interim Dividend	2010-11	11.05.2011	16.06.2018
(ii)	Final Dividend	2011-12	20.09.2012	25.10.2019
(iii)	Final Dividend	2012-13	05.09.2013	10.10.2020
(iv)	Final Dividend	2013-14	02.09.2014	07.10.2021
(v)	Final Dividend	2014-15	10.08.2015	15.09.2022
(vi)	Interim Dividend	2015-16	19.03.2016	24.04.2023
(vii)	Interim Dividend	2016-17	13.02.2017	21.03.2024
(viii)	Final Dividend	2016-17	07.09.2017	13.10.2024

- 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 to 2016-17, as on the date of the 28<sup>th</sup> Annual General Meeting (AGM) held on 07<sup>th</sup> September, 2017 and 2016-17 (Final dividend) as on 15<sup>th</sup> December 2017, on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and also in the Company's website [www.kotharipetrochemicals.com](http://www.kotharipetrochemicals.com) under "Investors ---> Investor Relations."
- k) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NACH / NECS / ECS, mandates, nominations, power of attorney, change of address / name etc.,

**NOTICE TO THE MEMBERS**

to their Depository Participant only and not to the Company's Registrar and Share 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.

- l) SEBI vide its Circular dated 20<sup>th</sup> April 2018, mandated the Company, RTA and the dividend processing Bank to ensure that the master file for processing the dividend shall inter alia includes, the shareholders details such as, Bank name, Bank account number, Bank branch, MICR number, etc., before processing the dividend. If there is any change in bank account details of the shareholder, RTA shall obtain account details along with cancelled cheque to update the shareholder's data. The original cancelled cheque shall bear the name of the shareholder failing which shareholder to submit copy of bank passbook / statement attested by the Bank. The unpaid dividend shall also be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the Bank, the Company / RTA may request the banker to make payment through physical instrument such as banker's cheque or demand draft to such shareholder incorporating his Bank account details. Hence, Shareholders are requested to update their Bank account details with their Depository Participant if they are holding the shares in Demat and to RTA in case they are holding the shares in physical.
- m) 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.
- n) The Company has designated an exclusive e-mail id viz. [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable investors to register their complaints / queries, if any.
- o) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz., Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
- p) 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](mailto:secdept@hckgroup.com), atleast 3 days before the date of meeting, so that the requisite information/explanations can be provided at the meeting.**
- q) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under 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](http://www.kotharipetrochemicals.com).
- r) Electronic copy of the Notice and Annual Report of the 29<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 29<sup>th</sup> 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 29<sup>th</sup> Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website [www.kotharipetrochemicals.com](http://www.kotharipetrochemicals.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office 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 at free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [secdept@hckgroup.com](mailto:secdept@hckgroup.com).

**Voting through Electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 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):

**NOTICE TO THE MEMBERS**

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

In case of members receiving e-mail:

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii) Click on “Shareholders” tab to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number - “EVSN” along with “COMPANY NAME” from the drop down menu and click on “SUBMIT
- iv) Now Enter your User ID:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	<b>For NSDL:</b> 8 Character DP ID followed by 8 Digits Client ID <b>For CDSL:</b> 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](http://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:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
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. Incase 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. (SI. 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. Incase 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.

**NOTICE TO THE MEMBERS**

- 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.
- xiv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take out print 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.co.in> 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 email id of scrutinizer (**kpl.scrutinizer@gmail.com**) and RTA ([murali@cameoindia.com](mailto:murali@cameoindia.com)) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto: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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Phone No. 022-23023333.
- 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 Stores respectively.

**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 polling 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 polling paper.
- ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**GENERAL**

- a) The remote e-voting period commences on Thursday, 26<sup>th</sup> July, 2018 at 9.00 A.M. and ends on Sunday, 29<sup>th</sup> July, 2018 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. Monday, 23<sup>rd</sup> July, 2018 may obtain the login ID and password by sending an email to [investor@cameoindia.com](mailto:investor@cameoindia.com) or [secdept@hckgroup.com](mailto:secdept@hckgroup.com) or [helpdesk.evoting@cdslindia.com](mailto: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. Monday, 23<sup>rd</sup> July, 2018.
- 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 scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- g) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kotharipetrochemicals.com](http://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 29<sup>th</sup> Annual General Meeting is given in the 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 25<sup>th</sup> May, 2018 appointed M/s. P. Rajulyer, M.Pandurangan & Associates, Cost Accountants as the Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the year 2018-2019.

As per the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out in Item No.4 of the Notice to ratify the remuneration of ₹.50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and re-imbusement of out of pocket expenses to M/s.P.Raju Iyer, M.Pandurangan & Associates, Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the financial year 2018-2019 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 25<sup>th</sup> May, 2018.

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. M Rajavel, President - Commercial joined HCK Group during 1997 and he has handled various key functions including the Company's expansion project from 2003 to 2010 and is with Kothari Petrochemicals Limited since 2011 heading product marketing and commercial role. Based on his positive attributes, quality and willingness to shoulder the responsibilities, the Nomination and Remuneration Committee (NRC) considered him to be a good resource to the company and based on his qualification and experience in the field of petrochemicals, the Committee recommended to the Board to appoint Mr. M. Rajavel to the position of Whole Time Director, subject to fulfillment of all statutory compliances.

The Board of Directors at its Meeting held on 25<sup>th</sup> May, 2018, considered and accepted the recommendations of the NRC and proposed to the Shareholders for appointment of Mr. M.Rajavel as the Whole Time Director of the Company for a period of three years with effect from the 01<sup>st</sup> August 2018 on a remuneration as set out in Item No. 5 of this notice.

Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a member, proposing the appointment of Mr. M.Rajavel as the Whole Time Director of the Company.

Except Mr. M.Rajavel, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of this notice. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

**Item No.6**

The Board of Directors of the Company at its meeting held on 22.11.2017 appointed Mr. S.Sundarraman as an Additional Director of the company in the capacity of Independent Director to hold office from November 22, 2017. Mr. S.Sundarraman holds office upto the date of this Annual General Meeting. As per the provisions of Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mr. S.Sundarraman as a candidate for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The proposed resolution set out at Item No.6, seeks the approval of members for the appointment of Mr. S.Sundarraman as an Independent Director of the Company for a term of five years upto 21<sup>st</sup> November, 2022 pursuant to Section 149 and other applicable provisions of the Companies Act 2013.

In the opinion of the Board, Mr. S.Sundarraman fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Mr. S.Sundarraman as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except Mr. S.Sundarraman, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of this notice. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

**NOTICE TO THE MEMBERS**
**Item No.7**

Mr. Pranab Kumar Rudra was appointed as Independent Director for a term of five years commencing 1.4.2014 to 31.03.2019. Pursuant to Section 149 (10) of the Companies Act 2013 read with Section 152 of Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014, an Independent Director of the Company shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for re-appointment for the second term on passing of a Special Resolution by the Company.

The Board of Directors of the Company has evaluated the performance of Mr. Pranab Kumar Rudra on an annual basis and has assigned good rating consistently. Based on the performance evaluation report of Mr. Pranab Kumar Rudra, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Pranab Kumar Rudra as an Independent Director. Though Mr. Pranab Kumar Rudra has attained the age of 81 years, he is continuously contributing and advising the Company on various operational matters and has a vast experience in the Chemical Industry. Accordingly, the Board recommends the Resolution relating to re-appointment of Mr. Pranab Kumar Rudra as an Independent Director, for the second term of five consecutive years from 01.04.2019 to 31.03.2024 for the approval by the shareholders of the Company.

In the opinion of the Board, Mr. Pranab Kumar Rudra fulfil the conditions specified in the Companies Act, 2013 and Rules made there under for his re-appointment as an Independent Director of the Company. The consent of the Members is sought by way of Special Resolution as set out in Item No.7 of the Notice. Copy of the draft letter of re-appointment of Mr. Pranab Kumar Rudra as an Independent Director would be available for inspection by the members without any fee at the Registered Office of the Company during normal business hours on any working day.

Except Mr. Pranab Kumar Rudra, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out in Item No.7 of this notice. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

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

Place : Chennai  
 Date : 29<sup>th</sup> May, 2018

**A. Thanikainathan**  
 Company Secretary

**ANNEXURE TO THE NOTICE**

**THE INFORMATION IN RESPECT OF ITEM NO. 3, 5, 6 & 7 IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ABOUT THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER**

Particulars	Item No.3	Item No.5	Item No.6
Name of the Director	Arjun B Kothari	M.Rajavel	S. Sundarraman
Date of Birth	11.09.1991	01.05.1963	11.05.1968
Date of first appointment on the Board	08.04.2015	--	22.11.2017
Qualification	Bachelor of Science, Northwestern University, Evanston, Illinois, United States of America & Global Health and European Politics from Paris Institute of Political Studies, Paris, France.	B.Sc. (Chemistry)	B.Com., Fellow Member of the Institute of Chartered Accountants of India

**NOTICE TO THE MEMBERS**

Particulars	Item No.3	Item No.5	Item No.6
Experience in specific functional areas	<p>Mr.Arjun B Kothari, is holding directorship in H C Kothari Group of Companies.</p> <p>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 expatriated workers.</p>	<p>He started his career in M/s. Aruna Sugars Limited. He then worked as the marketing officer in M/s.Chemfab Alkalis Ltd from 1987 to 1997. Since 1997, he is associated with Kothari Petrochemicals Limited and was responsible for marketing the Chlor Alkali Product and he was handling all group expansion projects. From the year 2011 he is heading the product marketing and commercial functions of the Company. He is also a member of Technical Committee constituted by the Board of Directors of the Company.</p>	<p>Mr. S.Sundarraman has over twenty five years of experience in the auditing and taxation areas. He has been consistently recognized for his ability to design and implement proactive, cost-saving solutions for businesses.</p> <p>He was the Chairman of Southern India Region of the International Fiscal Association, an organization involved completely in the study of International/cross border taxation for the years 2010 &amp; 2011.</p>
List of other Public Companies in which Directorship held	a) Kothari Sugars and Chemicals Ltd. b) Kothari Safe Deposits Ltd. c) Gayathri Securities Ltd.	Nil	Nil
Chairman/ Member of the Committee of the Board of Director of the Company	<p><b>Member</b></p> a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee c) Technical Committee <p><b>Chairman</b></p> Investment & Credit Approval Committee	<p><b>Member</b></p> Technical Committee	<p><b>Member</b></p> a) Audit Committee b) Stakeholders Relationship Committee c) Nomination and Remuneration Committee d) Investment & Credit Approval Committee
Chairman/ Member of the Committee of the other companies in which he/she is a Director	<p><b>(a) Kothari Sugars and Chemicals Limited :</b></p> <p><b>Member</b></p> (i) Stakeholders Relationship Committee (ii) Corporate Social Responsibility Committee <p><b>Chairman</b></p> Investment & Credit Approval Committee <p><b>(b) Kothari Safe Deposits Limited:</b></p> <p><b>Chairman</b></p> (i) Share Transfer Committee (ii) Investment Committee	Nil	Nil
Number of Shares held in the Company (both own or held by/ for other persons on a beneficial basis) as on March 31, 2018	Nil	Nil	4,000 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Arjun B. Kothari is son of Mrs. Nina B. Kothari, Chairperson of the Company.	Mr.M.Rajavel and Mr. S.Sundarraman are not related to Promoters and Directors in the Company, its holding, subsidiary or associate company.	
Number of meetings attended during the year.	04	N.A.	02

**NOTICE TO THE MEMBERS**

Particulars	Item No.7
Name of the Director	<b>Pranab Kumar Rudra</b>
Date of Birth	29.10.1936
Date of First Appointment on the Board	05.12.2006
Qualification	Post Graduate in Engineering and Master of Business Administration
Experience in specific functional areas	Mr.Pranab Kumar Rudra has more than 45 years experience in Engineering and General Management. He was Managing Director of Bengal Chemicals, Essar Projects and Chairman and Managing Director of Lubrizol India Ltd., and Engineers India Ltd. After retiring from full time service, he was Chairman of Consultancy Development Centre, Govt. of India, and Triune Projects.
List of other Public Companies in which Directorship held	Nil
Chairman/ Member of the Committee of the Board of Director of the Company	Chairman a) Audit Committee b) Nomination and Remuneration Committee c) Technical Committee
Chairman/ Member of the Committee of the other companies in which he/she is a Director	Nil
Number of Shares held in the Company (both own or held by/ for other persons on a beneficial basis) as on March 31, 2018	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Pranab Kumar Rudra is not related to Promoters and Directors in the Company, its holding, subsidiary or associate company.
Number of meetings attended during the year	04

**DIRECTORS' REPORT****To the Members**

The Directors have pleasure in presenting before you the 29<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

**Financial Summary of the Company**

(₹.in Lakhs)

Sl. No.	Particulars	2017 - 2018	2016 - 2017
(i)	Total Revenue (net of excise duty)	19,636.45	22,207.57
(ii)	Profit/(Loss) before Interest and Depreciation	1,949.88	1,457.30
(iii)	Interest	141.91	151.76
(iv)	Depreciation	360.98	310.37
(v)	Profit/(Loss) Before Tax	1,446.99	995.17
(vi)	Tax Adjustments including Deferred Tax	489.39	414.42
(vii)	Profit / (Loss) after Tax	957.60	580.75
(viii)	Other comprehensive Income	(1.27)	0.12
(ix)	Total comprehensive Income	956.33	580.87
(x)	Profit brought forward from previous year	1,164.61	747.04
(xi)	Profit available for appropriation	2,122.21	1,327.79
(xii)	Dividend	147.12	147.12
(xiii)	Dividend Distribution Tax	29.95	16.18
(xiv)	Profit / (Loss) after Appropriation	1,943.88	1,164.61

**Financials Highlights**

The Company's Profit Before Tax for the year ended 31<sup>st</sup> March 2018 has increased to ₹.1,446.99 lakhs as compared to ₹.995.17 lakhs in the previous year. The total turnover for the year ended 31<sup>st</sup> March 2018 is ₹.19,636.45 lakhs as against ₹.22,207.57 lakhs in the previous year. The reduction in turnover is mainly due to drop in remnant LPG sales during the period ended 31<sup>st</sup> March 2018 as compared to previous year due to effective management of sourcing of raw material.

**Compliance with IND AS**

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For your company Ind AS is applicable from April 1, 2017, with a transition date of April 1, 2016. Your Company has prepared the financial statements as per the requirements of IND AS specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules 2015, as amended, for the first time, being mandatory from 1<sup>st</sup> April 2017 and the previous year's figures have been accordingly restated.

The following are the areas which had an impact on account of transition to Indian Accounting Standard:

- Fair valuation of derivatives (forward cover)
- Fair valuation of interest free deposits accepted / paid.
- Actuarial valuation of defined benefit obligation.
- Fair valuation of investment property
- Effective interest rate for term loans
- Expected credit loss for debtors

The reconciliation and description of the effect of the transition to Ind AS have been provided in the notes to accounts in the financial statement.

**Status of the Plant**

The plant production capacity remains at 22000 TPA in terms of 950 Molecular Weight Poly Iso Butylene (PIB). However based on the product mix, the plant production capacity will vary. Though the plant can now produce upto 24,000 TPA of 950 MW PIB, the production is confined to 22,000 TPA to conform to permission from Statutory Authorities. Overall the plant health is good and no major maintenance is required except the routine cleaning of the process equipments.

To augment the supply of raw material from the local source, Company has commissioned Lean Poly Iso Butylene Feed Stock (LBPFSS) plant in September 2016 and to meet the additional requirement of steam and power for this plant as well as the existing PIB plant, a 2 MW captive power plant was commissioned in December 2017 with all necessary statutory clearances to meet 100% requirement of quality power and steam at a controlled cost.

The investment made in the captive power plant with a flexibility to operate with bio and fossil fuel instead of high cost furnace oil and diesel, will help the Company to become self dependent on quality and uninterrupted power and steam at a substantially low cost. The Boiler and Turbine were supplied by M/s. Isgec Heavy Engineering Ltd., & M/s. Siemens Ltd. respectively.

The facilities created for purifying the feed works well and plant is now being operated without much problem. The solar plant is continuing to generate power which is consumed by the main plant.

Your company continues to get ISO 9001:2008 & ISO 14001:2004 certification for quality and environment. This certification will now be changed to 9001:2015 & 14001:2015.

### Performance

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

Your company achieved a production of 16,242 MT which translates to a capacity utilisation of 94% (basis of Kvis 10 operation) in terms of 950 MW PIB. However, production got affected during November 2017 when the newly erected Captive power plant was commissioned and synchronised with PIB plant. Again in February 2018 production was disturbed for 16 days due to stoppage of plant for maintenance. Apart from these, the feed quality from the refinery got deteriorated in terms of more C3 ingression besides reduction of volumes of supply of raw material by the local supplier.

Newly designed product filters were installed in all the loading bays / drum filling points and thus your company continues to maintain the quality of the product in line with International Standards.

The company is also taking steps to develop new applications and open up new markets.

### Safety

General Safety Audit has been conducted during January 2018. All the recommendations have been implemented and there is no unsafe conditions identified in the Audit.

### Process Safety Management

A Process Safety Management (PSM) is being studied to implement in your Company during September 2018.

### Awards and recognitions

During the period under review, in recognition of the on time supply of PIB, your Company was awarded as "Most Valued Partner" by M/s. Indian Oil Corporation Ltd and "Excellence in Performance" by M/s Bharat Petroleum Corporation Ltd for the year 2017-18.

### Research and Development

The Company has incurred an expenditure of ₹.88.67 Lakhs during the period ended 31<sup>st</sup> March 2018 toward Research and Development.

### Conservation of Energy / Technology Absorption/Foreign Exchange Earning and Outgo

#### (a) Conservation of Energy

During the year under review, six motors in Captive power plant with capacity of more than 55 KW were provided with Variable Frequency Drive (VFD) to optimize the energy consumption. LED clusters in Flame proof light fittings were replaced and condensate collection pit was provided with pump operating in auto on / off using level switch in plant area

#### (b) Technology absorption: Nil

#### (c) Foreign exchange earnings and Outgo

(₹. in Lakhs)

Sl. No.	Particulars	2017 - 2018	2016 - 2017
(i)	Total Foreign Exchange earned	1,660.39	1,437.77
(ii)	Total Foreign Exchange outflow	34.63	82.28

### Dividend

The Board of Directors at its meeting held on 25<sup>th</sup> May 2018 recommended a dividend at the rate of 7.5% i.e., Re.0.75/- paise per equity share of ₹.10/- each for the financial year ended March 31, 2018. If the dividend is approved by the Members at the ensuing Annual General Meeting to be held on 30<sup>th</sup> July, 2018, it will be paid on or before 28<sup>th</sup> August 2018 to those Members whose names appear in the Company's Register of Members at the close of business hours on 23<sup>rd</sup> July 2018.

**DIRECTORS' REPORT****Meetings**

During the year 04 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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Share Capital**

The paid up share capital as on March 31, 2018 was ₹.5918.68 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 as a Director at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr.P.N.Devarajan, Independent Director of the Company, Chairman and Member of various Committees expired on 02.11.2017. The Board of Directors expresses its deep anguish and recall the valuable contribution made by him. The Board places on record its appreciation for the valuable services rendered by him.

Dr. R.K.Raghavan, Independent Director of the Company resigned from the office of Directorship with effect from November 01, 2017 consequent to his appointment as High Commissioner of India to Cyprus. The Board of Directors places on record its appreciation for the valuable services rendered by him.

Mr. C.V.Sankar (DIN 00703204) was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board with effect from 10<sup>th</sup> July, 2017 and his appointment was regularised vide Shareholders Resolution dated 7<sup>th</sup> September 2017 for a term of five years upto 09<sup>th</sup> July 2022.

The Board of Directors appointed Mr.S.Sundarraman (DIN 01032768) as an Additional Director in the capacity of Independent Director of the Company for the term of five years from November 22, 2017 to November 21, 2022. The Resolution seeking shareholders approval for regularising the appointment as the Independent Director is proposed at item number 6 of the Notice convening the Annual General Meeting.

Mr. Pranab Kumar Rudra (DIN 00382665) was appointed for a term of five years commencing from 1.4.2014 to 31.03.2019. Pursuant to Section 149 (10) of the Companies Act 2013 read with Section 152 of Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014, an Independent Director of the Company shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the Company.

Based on the performance evaluation, the Board recommends the special resolution as set out in Item No.7 of the Notice convening the Annual General Meeting relating to the re-appointment of Mr.Pranab Kumar Rudra as an Independent Director, for the second term of five consecutive years from 01.04.2019 to 31.03.2024 for the approval by the shareholders of the Company.

**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 31<sup>st</sup> March 2018:

Sl. No.	Name of Directors	Designation
(a)	Mr. Pranab Kumar Rudra	Chairman (Independent Director)
(b)	Mr. C.V. Sankar	Member (Independent Director)
(c)	Mr. S.Sundarraman	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. The Remuneration Policy approved by the Board of Directors is posted on the website of the Company [www.kotharipetrochemicals.com](http://www.kotharipetrochemicals.com)

**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](http://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 the 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 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**

Subsequent to the winding up / de-registration application filed by the erstwhile subsidiaries viz., M/s.Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) and M/s. Kothari Petrochemicals HK Ltd., Hong Kong (KPL HK) in their respective host countries, both the companies were dissolved on 7<sup>th</sup> August 2017 and 1st December 2017 respectively.

**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.P.Chandrasekar LLP, Chartered Accountants (Registration No.000580S / S200066) hold office till the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have 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 Butylene (PIB) unit required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed M/s. P.Rajulyer, M.Pandurangan & Associates, Cost Accountants in practice for conducting the audit of cost records of the Company and the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant is included at Item No.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 Secretarial Audit Report is annexed as “Annexure II”. The Report does not contain any qualification.

**Deposits**

The Company has not accepted deposits either from members 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. There were no outstanding deposits during and at the end of the financial year 2017-18.

**Significant & Material orders passed by the Regulators**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

**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 Audit function is carried out by an independent firm of Chartered Accountants. 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 review and the Internal Auditors attend the Audit Committee meeting.

The Internal Auditors 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 or made any investments covered under the provisions of section 186 of the Companies Act, 2013.

**Risk Management**

Pursuant to the requirement of SEBI (Listing Obligations and Disclosure Requirements) 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](http://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. Detailed report on CSR activities in the prescribed format is forming part of this Annual Report.

**Related Party Transactions**

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

All Related Party Transactions are placed before the Audit Committee as well as to the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and repetitive nature. For all the transactions entered pursuant to the omnibus approval so granted, a statement giving details of all such transactions is placed before the Audit Committee for their approvals 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](http://www.kotharipetrochemicals.com)

**Annual Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 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 reviewed 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 without the presence of the Non-Independent Directors and members of the Management.

**Disclosure about Cost Audit**

<b>Filing of Cost Audit Report</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
Due Date	27.09.2018	27.09.2017
Actual Date	(Target date) 25.09.2018	25.09.2017
Cost Auditor Details	M/s. P. Raju Iyer, M.Pandurangan & Associates, M.No.27969, Chennai	M/s. P. Raju Iyer, M.Pandurangan & Associates, M.No.27969, Chennai
Audit Qualification in Report	-	-

**Listing with Stock Exchanges**

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTHARIPET and ISIN-INE720A01015. The Company confirms that it has paid the Annual Listing Fees for the year 2018-2019 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 Obligations and Disclosure Requirements) 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 Obligations and Disclosure Requirements) 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 of the Company (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided elsewhere in the Annual Report.

**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 director is in receipt of remuneration except sitting fees

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Ratio</b>
(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)

**DIRECTORS' REPORT**

- 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	No increase
(ii)	Mr.Cyrus Kallapurackal	Chief Financial Officer	9%
(iii)	Mr.A.Thanikainathan	Company Secretary	12%

- c) 16.27% increase was reported in the median remuneration of employees in the financial year.
- d) The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2018: 131
- e) Average percentile increase already made in the salaries of employee's 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 6% to 13% and for KMP the increase in remuneration was based on their performance during the year
- f) We affirm that the remuneration paid during the period under review, is as per the Remuneration Policy of the company.

**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 : May 25, 2018

**Nina B. Kothari**  
Chairperson

**DIRECTORS' REPORT**

Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018

Sl. No	Name	Designation	Qualification	Gross Remuneration (₹. in Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last or previous employment	% of Equity Shares held	Relative of Director or Manager
1	Arjun B Kothari	Managing Director	B.Sc., Northwestern University, USA & Global Health and European Politics from Paris Institute of Political Studies, Paris, France	69.34	Permanent	08-04-2015	26	4	General Electric Corporation, USA	-	YES
2	Rajavel M	President - Commercial	B.Sc. (Chemistry)	51.02	Permanent	04-05-1997	55	33	Chemplast	-	NO
3	Ramakumar N	DGM-Finance & Accounts	FCA	25.95	Permanent	04-05-1997	53	32	Kothari Sugars and Chemicals Limited	-	NO
4	A.R.Ashok Kumar	GM - Unit Head	B.Tech	19.50	Permanent	01-07-1994	45	24	-	0.00	NO
5	K.Sreekanthwaran	Vice President - Legal & Taxation	B.Com	18.57	Permanent	16-06-2011	56	7	Madras Entertainment Pvt Ltd	-	NO
6	Thanikainathan. A	Company Secretary	ACS	18.27	Permanent	29-08-2016	37	12	KMC Speciality Hospitals (India) Ltd	-	NO
7	Muruganandam T	Sr. Manager Marketing	B.E (Chemical)	16.24	Permanent	05-11-2007	39	17	Sanmar Ltd.	-	NO
8	S.V.Ramesh	Sr. Manager Supply Mgmt	DME	15.97	Permanent	08-10-2011	48	25	Bonfiglioli Transmissions Pvt Ltd.	-	NO
9	T.Saravanakumar	Sr. Manager Safety	B.Tech, Diploma in Safety	15.06	Permanent	01-01-2016	37	15	TYCO Fire & Security, UAE	-	NO
10	Chellappa S	Sr. Manager Systems	MCA	14.35	Permanent	02-05-1994	49	26	Kothari Sugars and Chemicals Limited	0.00	NO
11	Cyrus Kallupurackal	Chief Financial Officer	ACA	13.57	Permanent	23-02-2015	36	10	MRF Ltd.	-	NO

**Notes:**

1. Remuneration shown above includes salary, bonus, Commission, and contribution to provident fund, superannuation fund and perquisites valued as per Income Tax Rules, wherever applicable and in other cases at actual cost to the Company.

**DIRECTORS' REPORT**

Annexure - I

**Form No. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
 as on the financial year ended on 31<sup>st</sup> March 2018

[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 Share Transfer Agent	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 5 <sup>th</sup> 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 Butylene	22208	81.63%
2	C4 Raffinate (LPG)	19201	15.01%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No	Name and Address of the Company	CIN / GLN LLPIN / FLLPIN	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)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. 1</b>	<b>Promoter</b>									
(a)	Indian Individual / Hindu Undivided Family	2,97,500	-	2,97,500	0.51	2,97,500	-	2,97,500	0.51	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,14,64,812	-	4,14,64,812	70.46	4,14,64,812	-	4,14,64,812	70.46	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>	<b>-</b>
<b>2</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>	<b>-</b>

## 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>B.</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	-	51,500	51,500	0.09	-	51,500	51,500	0.09	-
(b)	Financial Institutions / Banks	-	-	-	-	500	500	500	0.00	-
(c)	Central / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	14,56,931	-	14,56,931	2.48	14,56,931	-	14,56,931	2.48	-
(f)	Foreign Institutional Investors	-	40,500	40,500	0.07	-	40,500	40,500	0.07	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other	-	-	-	-	-	-	-	-	-
	Foreign Portfolio (Corporate)	-	-	-	-	3,02,126	-	3,02,126	0.51	0.51
	Category II	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>14,56,931</b>	<b>92,000</b>	<b>15,48,931</b>	<b>2.64</b>	<b>17,59,557</b>	<b>92,000</b>	<b>18,51,557</b>	<b>3.15</b>	<b>0.51</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	56,33,999	1,07,600	57,41,599	9.76	48,53,914	1,07,600	49,61,514	8.43	(1.33)
(b)	Individuals -									
	i. Individual shareholders holding nominal share capital upto ₹.1 lakh.	50,72,275	20,04,689	70,76,964	12.03	53,09,939	19,61,789	72,71,728	12.36	0.33
	ii. Individual shareholders holding nominal share capital in excess of ₹.1 lakh.	18,49,044	59,400	19,08,444	3.24	18,87,641	59,400	19,47,041	3.31	0.07
(c)	Any Other									
	i. Directors & Relatives	100	100	200	0.00	100	100	200	0.00	-
	ii. Non-Resident Indians (NRI's)	3,46,478	7,600	3,54,078	0.60	3,22,304	7,600	3,29,904	0.56	(0.04)
	iii. Clearing Members	18,357	-	18,357	0.03	3,08,589	-	3,08,589	0.52	0.49
	iv. Hindu Undivided Families	4,35,514	1	4,35,515	0.74	4,13,554	1	4,13,555	0.70	(0.04)
	<b>Sub-Total (B) (2)</b>	<b>1,33,55,767</b>	<b>21,79,390</b>	<b>1,55,35,157</b>	<b>26.40</b>	<b>1,30,96,041</b>	<b>21,36,490</b>	<b>1,52,32,531</b>	<b>25.88</b>	<b>(0.52)</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,48,12,698</b>	<b>22,71,390</b>	<b>1,70,84,088</b>	<b>29.04</b>	<b>1,48,55,598</b>	<b>22,28,490</b>	<b>1,70,84,088</b>	<b>29.03</b>	<b>(0.01)</b>
	<b>TOTAL (A)+(B)</b>	<b>5,65,75,010</b>	<b>22,71,390</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>5,66,17,910</b>	<b>22,28,490</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>-</b>
<b>C.</b>	Shares held by Custodians and against which Depository Receipts have been issued									
	i. Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	ii. Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5,65,75,010</b>	<b>22,71,390</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>5,66,17,910</b>	<b>22,28,490</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>-</b>

**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	2,97,500	-	2,97,500	2,97,500	-	2,97,500	0.51
(ii)	Kothari Sugars and Chemicals Ltd.	1,20,19,000	-	1,20,19,000	1,20,19,000	-	1,20,19,000	20.42
(iii)	BHK Trading LLP	2,94,45,812	-	2,94,45,812	2,94,45,812	-	2,94,45,812	50.04
	<b>Total</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>

**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
At the beginning of the year	No Changes			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc.,)				
At the end of the year				

**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	Life Insurance Corporation of India	14,56,931	2.48	14,56,931	2.48
2	Media Matrix Enterprises Private Limited	-	-	5,50,000	0.93
3	Infotel Ecommerce Private Limited	-	-	5,45,000	0.93
4	Infotel Telecom Infrastructure Private Limited	-	-	5,40,000	0.92
5	Arizona Global Services Private Limited	-	-	5,26,923	0.90
6	Indsec Sec. & Fin. Ltd.	-	-	5,25,000	0.89
7	Infotel Business Solutions Limited	-	-	5,20,000	0.88
8	Nextwave Televentures Private Limited	-	-	5,15,000	0.88
9	LTS Investment Fund Ltd	-	-	3,02,126	0.51
10	HDFC Securities Limited	4,400	0.00	2,57,000	0.44

**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	2,97,500	0.51	2,97,500	0.51
2	Mr. Arjun B Kothari - Managing Director	-	-	-	-
3	Mr. Pranab Kumar Rudra	-	-	-	-
4	Mr. C.V. Sankar	-	-	-	-
5	Mr. S. Sundarraman	-	-	4,000	0.00
For Each of the KMP					
1	Mr.A.Thanikainathan - Company Secretary and Compliance Officer	-	-	-	-
2	Mr. Cyrus Kallupurakal - Chief Financial Officer (CFO)	-	-	-	-

**VI. 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,413.29	-	-	3,413.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,413.29</b>	<b>-</b>	<b>-</b>	<b>3,413.29</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	-	-	-	-
Reduction	43.72	-	-	43.72
Net Change	43.72	-	-	43.72
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	3,357.79	-	-	3,357.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11.78	-	-	11.78
<b>Total (i+ii+iii)</b>	<b>3,369.57</b>	<b>-</b>	<b>-</b>	<b>3,369.57</b>

**VII. Remuneration of Directors and Key Managerial Personnel**
**A. Remuneration to Managing Director, Whole Time Director and / or 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	49.65
2	Stock Options / Sweat Equity / Commission (as % of Profit & others) / Others, please specify.	19.69
	<b>Total (A)</b>	<b>69.34</b>

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

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Mr. Pranab Kumar Rudra	Mr.C.V. Sankar	Mr. S. Sundarraman	Mr.P.N.Devarajan(*)	Dr. R.K. Raghavan(**)	
1	Sitting fee for attending Board and Committees Meetings	1,90,000	1,25,000	90,000	50,000	40,000	4,95,000
2	Commission / Others, please specify	-	-	-	-	-	-
	<b>Total (B) (1)</b>						<b>4,95,000</b>

(\*) Mr.P.N.Devarajan, Independent Director expired on November 02, 2017.

(\*\*) Dr.R.K.Raghavan, Independent Director resigned from the office of the Director with effect from November 01, 2017.

**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	1,30,000	1,30,000
2	Commission / Others, please specify	-	-
		<b>Total (B) (2)</b>	<b>1,30,000</b>
		<b>Total (B) = (B)(1)+ (B)(2)</b>	<b>6,25,000</b>

**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)		
		Mr.A.Thanikainathan Company Secretary & Compliance Officer	Mr.Cyrus Kallupurackal Chief Financial Officer	Total
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18.27	13.57	31.84
	(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 / Sweat Equity / Commission (as % of Profit & others) Others, Please specify	-	-	-
	<b>Total (C)</b>	<b>18.27</b>	<b>13.57</b>	<b>31.84</b>

**VIII. Penalties / Punishment / Compounding of Offences:**

There were no Penalties / Punishment / Compounding of Offences for the Year ended March 31, 2018.

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

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

This policy shall apply to all CSR initiatives and activities taken up by KPL, 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/sites/default/files/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

**DIRECTORS' REPORT**
**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.Arjun B. Kothari	Member (Executive & Non-Independent)
(iii)	Mr.C.V.Sankar	Member (Independent)

**3. Average net profit of the company for last three financial years: (₹. in Lakhs)**

Sl. No.	For the Financial Year (As per Indian GAAP)	Annual Net Profit
(i)	2016 - 2017	997.35
(ii)	2015 - 2016	1,425.60
(iii)	2014 - 2015	1,636.38
<b>Total</b>		<b>4,059.33</b>
<b>Average Annual Net Profit</b>		<b>1,353.11</b>

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

2% of Average Net Profit comes around ₹. 27.06 Lakhs

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year : ₹. 27.06 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. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**

Place: Chennai

**Nina B. Kothari**
**Arjun B. Kothari**

Date : May 25, 2018

Chairperson CSR Committee

Managing Director

**Annexure: Manner in which the amount spent on CSR activities during the financial year**

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or program 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Spent towards ongoing school construction located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education/ Literacy Enhancement	Location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu.	₹. 27.06 Lakhs	Direct Expenditure of ₹. 27.06 Lakhs	₹. 27.06 Lakhs spent during the financial year 2017-18	An amount of ₹. 27.06 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 was involved in the activities of developing and improving the Education. The Trust has undertaken the construction of the School Building and has ensured that quality education is provided to the needy children.

**DIRECTORS' REPORT**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**  
**[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial 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, 2018, 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, 2018 according to the provisions of:
  - (i) The Companies Act, 1956 and The Companies Act, 2013 ("the Act") 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) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) 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) 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 (Share Based Employee Benefits) Regulations, 2014;
  - (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 and the amendments w.r.t. the same which was applicable from October 1, 2017.
  - (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, Independent Directors and a Woman Director. 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 to them 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) Decisions are carried through Majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
8. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
9. I further report that during the audit period, the Company had following events which having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc referred to above:

The erstwhile subsidiary companies viz., Kothari Petrochemicals Pte. Limited (KPL SG) and Kothari Petrochemicals HK Limited (KPL HK) filed winding up / deregistration application in their respective host countries and investments made in both the subsidiaries were repatriated to India during the financial year ended March 31, 2017. The Accounting and Corporate Regulatory Authority, Singapore vide letter dated August 7, 2017, struck off the name of KPL SG from the Register. The Companies Registry, Hong Kong vide notice dated December 1, 2017, deregistered KPL HK and accordingly KPL HK has been dissolved from December 1, 2017.

Place : Chennai  
Date : May 15, 2018

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

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

**Annexure - "A"**

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

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

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

Place : Chennai  
Date : May 15, 2018

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

## **Management Discussion and Analysis**

### **Industry Structure & Development:**

An addition of 50 KTA of High Reactive Poly Iso Butylene (HR-PIB) took place in the last quarter of 2017-18 in East Asia region and a few such capacity additions are in pipeline as per the Industry information. Though these additions of capacities in HR-PIB production are taking place, no forecast for increased demand for HR-PIB is available. However these additions of capacities are being carried out eyeing on the change of usage of conventional PIB in the long run.

One of the leading conventional PIB manufacturers in Europe has taken a debottlenecking shutdown which will enhance their production capacity from 55 KTA to 60 KTA.

Demand for conventional Poly Iso Butylene (PIB) in domestic market remains in the range of 21,000 TPA level only as against the total installed capacity of 36 KTA. However the total production of conventional PIB during 2017- 2018 in India was only 16.24 KTA

### **Outlook:**

Kothari Petrochemicals Limited (KPL) remains an active PIB manufacturer in India during the year 2017 - 2018, and meets 68% of the domestic demand of conventional PIB.

KPL has won the IOCL's global Tender contract for supply of 950 MW PIB in spite of the stiff resistance from Global and Domestic players.

The Company is taking efforts to identify alternate usage segment to maintain the sales volume by hedging its dependency on any one market.

Arrangements were successfully made to get additional raw material during 2017-18 for uninterrupted production and for future requirement.

### **Opportunities:**

Efforts have been taken to improve the supplies from the existing local supplier in order to reduce the dependency on other long distance sources which will further help to reduce the input cost considerably.

Additional facilities were created to improve the quality of the final product to better meet customer's requirement and outperform rival producers.

Feed preparation section was further strengthened to ensure that desired quality of the feed is made available for the process to avoid generating off spec products. This improves our efficiency and is a significant cost saver.

A Bio mass / Coal fired Captive Power plant was commissioned to increase the reliability of quality power and steam for the plant at lower cost. This will also help us in producing higher quality PIB.

Efforts are being taken to bring low cost water from Tertiary water treatment plant to mitigate the short supply of water by Metro water board and reduce the cost of another major utility.

### **Risks, Concerns & Threats:**

Concentrating off take from the cheaper raw material source makes us dependent on them for raw material.

The usage of conventional PIB is likely to be reduced in the next 10 years due to stringent emission norms being imposed by Govt. Introduction of Electric vehicles will also have an impact in the fuel lubricant segment in the long run.

Import of PIB at competitive terms might be a threat for the Company's Business.

The volatility in Indian Currency against USD remains a challenge for the Company as it has an impact on the raw material price and export of goods.

Prices of Paddy husk which is the main fuel for the newly commissioned Captive Power plant is volatile due to short supply because of severe drought last year. Hence we have hedged with coal.

Though adequate impurity removal system is in place, any sudden surge in the impurity level in the feed stock is always a concern.

Water supply from Metro water Board is not consistent and the charges revised last year with a 10% Year on Year increase is a big concern for the company owing monsoon failure.

Despite our repeated representation to local authorities, no concrete action has been taken by them to clear the huts which have encroached into our area. This will pose a very serious threat to our plant in the event of fire apart from blocking the water channels outside the plant resulting in flooding the plant during heavy rains.

### **Internal Control Systems and their adequacy**

The Company has established system of internal control across all of its business operations and for safeguarding the Assets. The functions of Internal Audit are carried out by an Independent firm of Chartered Accountants, who submit their reports on a quarterly basis to the Management. These reports are also placed before the Audit Committee at its meetings and they are reviewed by the Audit Committee. The Board, Audit Committee and the Management ensure

**Management Discussion and Analysis**

that the internal control system operates effectively within the organization. The Internal Auditors review the adequacy of internal control system and suggest necessary checks and balances to ensure and increase the effectiveness of the system. Clear policies have been laid down for approval and control of expenditure. Investment decisions involving capital expenditure are subjected to detailed appraisal and review. Capital and revenue expenditure are monitored and controlled with reference to approved budgets.

**Human Resources / Industrial Relations**

Human resources are the most important resources in an organization and needs to be used efficiently, because success, stability and growth of an organization depends on its ability in acquiring, utilizing and developing the human resources for the benefit of the organization. In the final analysis, it is the people (i.e. employees) who produce results and generate a climate conducive to the growth and development of the organization.

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

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

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

The Human Resources Department created an "Internal Complaints Committee" for the prevention and redressal of sexual harassment of women at work place as per the requirement of Sexual harassment of Women at 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 employees as on 31<sup>st</sup> March 2018 was 131 in respect of petrochemical operations

**Operational Performance**

	Year ended 31.03.2018
Number of days operated:	
Plant 1	330 days
Plant 2	318 days
Total Production in Metric Tons	16242 MT
Plant Capacity utilization (basis: Kvis 10 operation)	94%
Accident free operation	365 days

**Financial Performance:**

The Company has reported total operating income of ₹.19,465.47 lakhs for the year ended 31.03.2018 as compared to ₹.21,947.56 lakhs for the year ended 31.03.2017. The Company's profit after tax (PAT) for the financial year 2017-18 is ₹.957.60 lakhs as against ₹. 580.75 lakhs in 2016-17.

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

Place : Chennai  
Date : May 25, 2018

**Nina B. Kothari**  
Chairperson

## CORPORATE GOVERNANCE

### 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 counselling. The company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfil its oversight responsibilities and to provide the management, the strategic direction it needs.

### BOARD OF DIRECTORS

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.

Composition of the Board and Directorship held as on 31<sup>st</sup> March 2018:

Name of the Director	Director Category	No. of Board Meetings		Attendance at previous AGM held on September 07, 2017	Number of Directorships in other companies	Number of Committee Memberships in other companies	
		Held	Attended			Chairman	Member
Mrs.Nina B.Kothari	Non- Executive	4	4	Yes	14	-	-
Mr.Arjun B. Kothari	Executive	4	4	Yes	15	1	1
Mr.Pranab Kumar Rudra	Independent	4	4	Yes	02	-	-
Mr.C.V.Sankar(*)	Independent	4	3	Yes	03	1	-
Mr.S.Sundarraman(*)	Independent	4	2	N.A	-	-	-

\*Mr. C.V. Sankar was appointed as Independent Director w.e.f July 10, 2017.

\*Mr. S. Sundarraman was appointed as Independent Director w.e.f November 22, 2017.

#### Notes:

- Other directorships also include Private Limited Companies.
- Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for Committee Memberships.
- The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days.
- Mr. Arjun B Kothari, Managing Director of the Company is son of Mrs. Nina B Kothari, Chairperson of the Company.

None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all Listed Companies and Unlisted Public Limited Companies in which he/she is a 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 Chairman of the Committee. The Minutes of the Committee Meetings are tabled at the subsequent Board Meetings.

### AUDIT COMMITTEE

Due to sad demise of Shri.P.N.Devarajan, Chairman of Audit Committee and resignation of Dr.R.K.Raghavan, member of the Audit Committee, the Board of Directors at the meeting held on November 22, 2017 reconstituted the Audit Committee. The attendance of each Director in the Audit Committee meeting held during the year ended 31st March 2018 is as follows:

Sl. No.	Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.Pranab Kumar Rudra (*)	Chairman	04	04
(ii)	Mr.C.V.Sankar (*)	Member	04	02
(iii)	Mr.S.Sundarraman (*)	Member	04	02
(iv)	Mr.P.N.Devarajan (*)	Chairman	04	01
(v)	Dr.R.K.Raghavan (*)	Member	04	01

\*Mr.Pranab Kumar Rudra, Independent Director was elected as Chairman of Audit Committee on November 22, 2017. Mr.C.V.Sankar and Mr. S.Sundarraman, Independent Directors were inducted as Members of Audit Committee on November 22, 2017. Mr.P.N.Devarajan, (Independent Director), Chairman of Audit Committee expired on November 02, 2017 and Dr.R.K.Raghavan, (Independent Director) resigned from the office of directorship with effect from November 01, 2017.

Due to sudden illness and poor health, Mr.P.N.Devarajan, the Chairman of the Audit Committee could not attend at the previous Annual General Meeting of the company held on September 07, 2017. The Audit Committee met four times during the year on May 29, 2017, September 06, 2017, November 22, 2017, & January 29, 2018.

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 role and terms of reference of the Audit Committee are governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31<sup>st</sup> March 2018, the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / accounting 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 Audit Committee meetings. The Cost Auditor is invited to attend the Meetings 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 Obligations and Disclosure Requirements) Regulations, 2015.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. Due to sad demise of Mr. P.N.Devarajan, Chairman of Nomination and Remuneration Committee, the Board of Directors at the meeting held on November 22, 2017 reconstituted the Nomination and Remuneration Committee. The attendance of each Director in the Nomination and Remuneration Committee meeting held during the year ended 31<sup>st</sup> March 2018 is as follows:

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.Pranab Kumar Rudra (*)	Chairman	02	02
(ii)	Mrs.Nina B.Kothari	Member	02	02
(iii)	Mr.S.Sundarraman (*)	Member	02	N.A
(iv)	Mr.P.N.Devarajan (*)	Chairman	02	01

\* Mr.Pranab Kumar Rudra, Independent Director was elected as Chairman of the Nomination and Remuneration Committee on November 22, 2017. Mr.S.Sundarraman, Independent Director was inducted as member of the Nomination and Remuneration Committee on November 22, 2017. Mr. P.N.Devarajan, Independent Director, Chairman of Nomination and Remuneration Committee expired on November 02, 2017.

The Company Secretary is the secretary to the Committee. Due to the poor health of Mr.P.N.Devarajan, the Chairman of the Nomination and Remuneration Committee could not attend at the previous Annual General Meeting of the company held on September 07, 2017. The Committee met two times during the year on May 29, 2017 and November 22, 2017.

#### **Remuneration Policy**

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

The Nomination and Remuneration (N&R) Committee has framed a Policy which inter alia, deals with the manner of selection of Board of Directors and Managing Director / KMPs and their remuneration.

##### **Criteria of selection of Non Executive Directors**

- 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.
- The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing;
  - Diversity of the Board.
- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

**CORPORATE GOVERNANCE****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 of such sum as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

Currently, the Non-executive directors of the company are not being paid any commission.

**Managing Director - Criteria for selection / appointment / remuneration**

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 fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

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. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

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

**Remuneration Policy for the Senior Management Employees**

- I. In determining the remuneration of the Senior Management Employees, the N & R Committee shall ensure / consider the following:
  - (i) the relationship between remuneration and performance benchmark is clear;
  - (ii) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- 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 Obligations and Disclosure Requirements) 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 individual 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 is posted on the website of the Company [www.kotharipetrochemicals.com](http://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 08 times during the year 2017-18. No sitting fee is paid for attending the meeting of the Committee.

Due to sad demise of Mr.P.N.Devarajan, Chairman of Stakeholders' Relationship Committee and resignation of Dr. R.K.Raghavan, member of the Stakeholders' Relationship Committee, the Board of Directors at the meeting held on November 22, 2017 reconstituted the Stakeholders' Relationship Committee. The attendance of each Director in the Stakeholders' Relationship Committee meeting held during the year ended 31<sup>st</sup> March 2018 is as follows:

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mrs.Nina B.Kothari(*)	Chairperson	08	06
(ii)	Mr.Arjun B.Kothari	Member	08	07
(iii)	Mr.S.Sundarraman (*)	Member	08	01
(iv)	Mr.P.N.Devarajan (*)	Chairman	08	03
(v)	Dr.R.K.Raghavan (*)	Member	08	03

(\*) Mrs.Nina B.Kothari, Non-Executive Director was elected as Chairperson of the Committee on November 22, 2017. Mr.S.Sundarraman, Independent Director was inducted as member of the Committee on November 22, 2017. Mr.P.N.Devarajan, Independent Director, Chairman of Stakeholders' Relationship Committee expired on November 02, 2017. Dr. R.K.Raghavan, Independent Director, Member of Stakeholders' Relationship Committee resigned from the office of directorship with effect from November 01, 2017.

Due to sudden illness and poor health, Mr.P.N.Devarajan, Chairman of the Stakeholders' Relationship Committee could not attend at the previous Annual General Meeting of the company held on September 07, 2017.

In order to expedite the process, the Board of Directors has also delegated the authority severally to 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) / Department(s) during the financial year 2017 - 2018.

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non receipt of Dividend	14	14	-
(ii)	Non receipt of annual reports	01	01	-
	<b>Total</b>	<b>15</b>	<b>15</b>	<b>-</b>
(i)	Securities Exchange Board of India (SEBI)	01	01	-
	<b>Total</b>	<b>16</b>	<b>16</b>	<b>-</b>

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. A. Thanikainathan, Company Secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact the Secretarial Department at the registered office of the company.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

Corporate Social Responsibility Committee met one time during the financial year 2017-18 on November 22, 2017.

Due to sad demise of Mr. P.N. Devarajan and resignation of Dr. R.K. Raghavan, Members of the Corporate Social Responsibility Committee, the Board of Directors at the meeting held on November 22, 2017 reconstituted the Corporate Social Responsibility Committee. The attendance of each Director in the Corporate Social Responsibility Committee meeting held during the year ended 31<sup>st</sup> March 2018 is as follows:

## CORPORATE GOVERNANCE

Sl. No.	Name of Directors	Designation	No. of Meetings	Directors Attendance
(a)	Mrs.Nina B Kothari	Chairperson (Non Executive & Non Independent)	01	01
(b)	Mr.Arjun B.Kothari	Member (Executive & Non-Independent)	01	01
(c)	Mr. C.V.Sankar	Member (Independent Director)	01	01
(d)	Mr.P.N.Devarajan(*)	Member (Independent Director)	01	N.A
(e)	Dr.R.K.Raghavan(*)	Member (Independent Director)	01	N.A

(\*) Mr.P.N.Devarajan, Independent Director, Member of CSR Committee expired on November 02, 2017. Dr. R.K. Raghavan, Independent Director, Member of CSR Committee resigned from the office of directorship with effect from November 01, 2017.

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](http://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 investment and Credit Approval Committee met 01 time during the year. No sitting fee is paid for attending the meetings of the Committee.

Due to sad demise of Mr. P.N. Devarajan and resignation of Dr. R.K. Raghavan, Members of the Investment and Credit approval Committee, the Board of Directors at the meeting held on November 22, 2017 reconstituted the Investment and Credit approval Committee.

Sl. No.	Name of Directors	Designation
(i)	Mr.Arjun B. Kothari	Chairman (Executive & Non-Independent)
(ii)	Mrs.Nina B. Kothari	Member (Non-Executive & Non-Independent)
(iii)	Mr.S.Sundarraman (*)	Member (Independent Director)
(iv)	Mr.P.N.Devarajan (*)	Member (Independent Director)
(v)	Dr.R.K.Raghavan (*)	Member (Independent Director)

(\*) Mr. P.N. Devarajan, Independent Director, Member of Investment and Credit approval Committee expired on November 02, 2017. Dr. R.K. Raghavan, Independent Director, Member of Investment and Credit approval Committee resigned from the office of directorship with effect from November 01, 2017. Mr.S.Sundarraman, Independent Director was inducted as member of the Committee on November 22, 2017.

**PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 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 judgment, safeguarding the interest of the Company etc. The Directors expressed their satisfaction with the evaluation process.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

During the year under review, the Independent Directors met on January 29, 2018, 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](http://www.kotharipetrochemicals.com).

Presentations/briefings were also made at the meeting of the Board of Directors/Committees by KMP's/ Senior Executives of the Company on Company's financial and operational performance, industrial relations prevailing during the period, marketing strategies, etc.

**REMUNERATION PAID TO DIRECTORS**

During the year 2017-18 remuneration was paid to Executive Director. The Non-Executive Directors did not draw any remuneration in the capacity of Director from the company except sitting fees for attending the meetings of the Board and the Committees.

**a) Details of Remuneration paid to all the Directors during the financial year 2017-2018**

Except Mr.Arjun B. Kothari, Managing Director, the Company did not pay any remuneration to Non executive directors in their capacity as Director during the year 2017-18 except sitting fees.

₹ in Lakhs

PARTICULARS	Mr.Arjun B.Kothari, Managing Director
Salary & Perquisites	49.65
Commission / Stock Option / Pension / Sitting Fees	19.69
<b>Total</b>	<b>69.34</b>

**b) Details of Sitting Fees paid during the financial year 2017-2018**

(Amount in ₹)

Name of the Directors	Sitting fees paid					
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Directors Meeting	Total
Mrs.Nina B. Kothari	1,00,000	N.A	10,000	20,000	N.A	<b>1,30,000</b>
Mr.Pranab Kumar Rudra	1,00,000	60,000	N.A	20,000	10,000	<b>1,90,000</b>
Mr.C.V.Sankar(*)	75,000	30,000	10,000	N.A	10,000	<b>1,25,000</b>
Mr.S.Sundarraman(*)	50,000	30,000	N.A	N.A	10,000	<b>90,000</b>
Mr.P.N.Devarajan (*)	25,000	15,000	N.A	10,000	N.A	<b>50,000</b>
Dr.R.K.Raghavan(*)	25,000	15,000	N.A	N.A	N.A	<b>40,000</b>
<b>Total</b>	<b>3,75,000</b>	<b>1,50,000</b>	<b>20,000</b>	<b>50,000</b>	<b>30,000</b>	<b>6,25,000</b>

The other transactions with non-executive director's vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2018 are disclosed elsewhere in the annual report.

(\*) Mr. C.V. Sankar was appointed as Independent Director w.e.f. July 10, 2017. Mr. S. Sundarraman was appointed as Independent Director w.e.f. November 22, 2017. Mr. P.N. Devarajan, Independent Director, expired on November 02, 2017. Dr. R.K. Raghavan, Independent Director resigned from the office of directorship with effect from November 01, 2017.

**CORPORATE GOVERNANCE**
**c) Details of shareholding of Directors as on 31<sup>st</sup> March 2018**

As on 31<sup>st</sup> March 2018, 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. Mr. S. Sundarraman, Independent Director holds 4,000 equity shares in the company and 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 / Date / Day / Time	Venue
2016-2017 September 07, 2017, Thursday, 10.30 A.M	The Music Academy, (Mini Hall) Old No. 306, New No. 168, T.T.K. Road, Chennai - 600 014.
2015-2016 August 04, 2016, Thursday, 10.30 A.M	
2014-2015 August 10, 2015, Monday, 10.15 A.M	

The details of Special Resolutions passed in AGM/EGM in the last 3 years are as follows:

Date of AGM	Whether any Special Resolution was passed	Particulars
Sep 07, 2017	No	-
Aug 04, 2016	No	-
Aug 10, 2015	Yes	Appointment of Mr.Arjun B.Kothari as Managing Director and Whole Time Key Managerial Person

No Special Resolutions was passed by the shareholders of the Company through postal Ballot during the year 2017-2018.

**SUBSIDIARY COMPANIES**

Subsequent to the winding up / de-registration application filed by the erstwhile subsidiaries viz., M/s. Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) and M/s. Kothari Petrochemicals HK Ltd., Hong Kong (KPL HK) in their respective host countries, both the companies were dissolved on 7<sup>th</sup> August 2017 and 1<sup>st</sup> December 2017 respectively.

**RISK ASSESSMENT AND MINIMIZATION PROCEDURES**

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

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has formulated a Whistle Blower Policy of Vigil Mechanism and has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy.

The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behavior. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly.

The company affirms that no personnel have been denied access to the Audit committee.

Further details are available in the Whistle Blower policy of the Company posted in Company Website [www.kotharipetrochemicals.com](http://www.kotharipetrochemicals.com)

**DISCLOSURES**
**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 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 Indian Accounting Standard 24, 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 Obligations and Disclosure Requirements) 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](http://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 Unaudited Quarterly Financial Results and Audited 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](http://www.kotharipetrochemicals.com). The website contains basic information about the company and such other details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updation of its website. The company has designated email-id [kpics@hckgroup.com](mailto:kpics@hckgroup.com) and [secdept@hckgroup.com](mailto:secdept@hckgroup.com) to enable the shareholders to register their grievances.
- c) Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) 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](http://www.kotharipetrochemicals.com). As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2017-2018.

**GENERAL SHAREHOLDER INFORMATION**
**a) Annual General Meeting**

Date and Time	Monday, July 30, 2018 at 10.00 A.M.
Venue	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.

**b) Financial Calendar of the Company**

The Financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Results for Quarter ending 30 <sup>th</sup> June, 2018	First fortnight of August, 2018
Results for Quarter ending 30 <sup>th</sup> September, 2018	First fortnight of November, 2018
Results for Quarter ending 31 <sup>st</sup> December, 2018	First fortnight of February, 2019
Results for Quarter ending 31 <sup>st</sup> March, 2019	Last Week of May, 2019

**CORPORATE GOVERNANCE****c) Date of Book Closure**

The period of Book Closure is fixed from Tuesday, 24<sup>th</sup> July 2018 to Monday, 30<sup>th</sup> July 2018 (both days inclusive).

**d) Management Discussion and Analysis Report**

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

**e) Dividend Payment**

The Board of Directors of the Company at their meeting held on 25<sup>th</sup> May 2018, recommended a dividend at the rate of 7.5% i.e., Re.0.75 paise (Rupee Seventy Five paise only) per equity shares of ₹.10/- each for the Financial Year 2017-18 to the shareholders of the Company.

**f) Listing of Shares**

The shares of the Company are listed in The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2018 - 19 has been paid. (Stock Code: KOTHARIPET), ISIN: INE720A01015.

**g) Details of the outstanding ADRs / GDRs / Warrants or Convertible Instruments: Nil****h) Stock Market Data****(Amount in ₹)**

Month	High	Low	Volume of shares traded	Month	High	Low	Volume of shares traded
Apr 2017	31.80	22.30	29,49,725	Oct 2017	27.25	23.10	12,74,400
May 2017	30.90	20.30	14,35,754	Nov 2017	35.70	23.20	44,48,718
Jun 2017	25.40	21.50	7,24,147	Dec 2017	36.25	28.00	18,21,751
Jul 2017	30.00	22.00	19,95,060	Jan 2018	33.45	26.10	13,45,300
Aug 2017	25.40	21.50	4,84,049	Feb 2018	29.00	23.65	8,02,067
Sep 2017	26.40	22.40	12,83,679	Mar 2018	25.60	21.55	48,82,409

**i) Distribution of Shareholding as on 31<sup>st</sup> March 2018**

₹. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	9,581	2,36,52,840
5,001-10,000	1,850	1,64,68,710
10,001-20,000	671	1,10,99,190
20,001-30,000	253	65,56,750
30,001-40,000	114	41,50,280
40,001-50,000	126	60,73,130
50,001-1,00,000	159	1,20,02,310
1,00,001 and above	133	50,84,60,790
<b>Total</b>	<b>12,887</b>	<b>58,84,64,000</b>

**j) Registrar and Share Transfer Agents**

M/s. Cameo Corporate Services Limited, having its registered office at Subramanian Building, 5<sup>th</sup> Floor, No.1, Club House Road, Chennai - 600 002 is 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 are handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

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

As per the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As per Section 124 (6) of the Companies Act, 2013, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred by the Company in the name of IEPF. The shareholder is entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as may be prescribed in the Act.

The unclaimed dividend as on March 31, 2018 is as follows:

SL. No.	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2018	Date of Declaration	Due Date for Transferring to IEPF
(i)	2010-11	6,45,436.50	11.05.2011	16.06.2018
(ii)	2011-12	6,67,451.00	20.09.2012	25.10.2019
(iii)	2012-13	9,67,156.50	05.09.2013	10.10.2020
(iv)	2013-14	15,57,507.00	02.09.2014	07.10.2021
(v)	2014-15	14,97,831.00	10.08.2015	15.09.2022
(vi)	2015-16	13,48,049.00	19.03.2016	24.04.2023
(vii)	2016-17	3,98,476.75	13.02.2017	21.03.2024
(viii)	2016-17	4,04,104.75	07.09.2017	13.10.2024

**l) COMPLIANCE WITH MANDATORY / NON-MANDATORY REQUIREMENTS**

The Company has complied with all applicable mandatory requirements in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

**m) Reconciliation of Share Capital Audit**

Quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31<sup>st</sup> March 2018 the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 5,66,17,910 equity shares representing 96.21% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2018.

**n) Information to Shareholders**

A brief resume of the director seeking reappointment 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.

**o) Plant Location**

<b>Manali</b>	No.1/2-B, 33/5, Sathangadu Village, Tiruvottiyur - Ponneri High Road, Manali, Chennai - 600 068. Tamil Nadu. Phone Nos. : 044 - 2594 1308 / 1309, Fax No. : 044 - 2594 1524.
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**p) Address for Correspondence**

Company's Registered Office	Company Share Transfer Agent
The Company Secretary Kothari Petrochemicals Limited Kothari Buildings, 115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034. Tel. Nos. 044 - 3022 5616, 3022 5507 Fax Nos. 044 - 2833 4560 e-mail : secdept@hckgroup.com	M/s.Cameo Corporate Services Limited <b>Unit: Kothari Petrochemicals Limited</b> 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, 2018.

for **Kothari Petrochemicals Limited**

Place : Chennai  
Date : May 25, 2018

**Arjun B.Kothari**  
Managing Director

**CORPORATE GOVERNANCE****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, 2018 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 25, 2018

**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, 2018 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) 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 Obligations and Disclosure Requirements) 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 / COP No. 9451

Place : Chennai  
Date : May 15, 2018

**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

To the Members of Kothari Petrochemicals Limited

**REPORT ON THE IND AS FINANCIAL STATEMENTS**

1. We have audited the accompanying Ind AS financial statements of Kothari Petrochemicals Limited, ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and the Rules made thereunder.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing as 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 Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 their reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**OPINION**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**OTHER MATTERS**

8. The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by another firm of Chartered Accountants and their reports for the year ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016 dated 29<sup>th</sup> May 2017 and 30<sup>th</sup> May 2016 respectively, expressing an unmodified opinion on those financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said statutory financial information for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") and 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 paragraphs 3 and 4 of the said Order, to the extent applicable.
10. 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;

**AUDITORS' REPORT**

- (c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Ind AS financial statements, comply with the Indian Accounting Standards prescribed under Section 133 of the Act and the Rules made thereunder;
- (e) on the basis of written representations received from the Directors as on 31<sup>st</sup> March 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2018, 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 with reference to financial statements and the operating effectiveness of such controls, refer to our separate report in **Annexure B**; and
- (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 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. 38 to the Ind AS financial statements;
  - (ii) the Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses.
  - (iii) there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**For P. CHANDRASEKAR, LLP**  
Chartered Accountants  
FRN : 000580S/S200066

Place : Chennai  
Date : 25<sup>th</sup> May, 2018

**S. Sriram**  
Partner  
M. No.: 205496

**Annexure "A" to Independent Auditors' Report - 31<sup>st</sup> March 2018**

(Referred to in our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) As explained to us, these fixed assets have been physically verified by the Management at regular intervals; as informed to us no material discrepancies were noticed on such verification.
  - 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) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not provided any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013
- (iv) The Company has complied with the provisions of Section 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 of the Companies Act, 2013
- (v) The Company has not accepted any deposits from the public.
- (vi) On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 have been maintained. However, we have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
  - a) the Company is regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess. To the best of our knowledge and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they become payable.
  - b) Details of dues of Excise Duty not deposited as on 31<sup>st</sup> March 2018 on account of disputes are given below:

**AUDITORS' REPORT**

Name of the Statute	Nature of Dues	Amount ₹ in lakhs	Forum where the dispute is pending	Period to which the dues belong to
Central Excise Act, 1944	Excise Duty	25.41	CESTAT	2007-08

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed were applied for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided has been in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence compliance with the provisions of the Nidhi Rules is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him which will come under the purview of Section 192 of the Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For P. CHANDRASEKAR, LLP**  
 Chartered Accountants  
 FRN : 000580S/S200066

Place : Chennai  
 Date : 25<sup>th</sup> May, 2018

**S. Sriram**  
 Partner  
 M. No.: 205496

**Annexure - B to the Independent Auditors' Report - 31<sup>st</sup> March 2018**

(Referred to in our report of even date)

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 with reference to the financial statements of Kothari Petrochemicals Limited ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the Ind AS 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' REPORT****Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements, 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 with reference to financial statements were in place and if such controls were operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
5. 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements are 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 controls with reference to financial statements includes those policies and procedures that
  - a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - b) 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 authorisations of management and directors of the Company; and
  - c) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2018, 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 P. CHANDRASEKAR, LLP**  
Chartered Accountants  
FRN : 000580S/S200066

Place : Chennai  
Date : 25<sup>th</sup> May, 2018

**S. Sriram**  
Partner  
M. No.: 205496

**BALANCE SHEET AS AT MARCH 31, 2018**

₹ in Lakhs

	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>I</b>	<b>ASSETS</b>				
1	<b>Non-Current Assets</b>				
	Property, plant and equipment	2	<b>7,940.89</b>	4,669.57	3,636.88
	Capital work-in-progress	2	<b>5.86</b>	631.11	195.04
	Investment Property	3	<b>1,574.91</b>	1,598.69	1,622.47
	Intangible assets	4	<b>4.17</b>	0.08	0.11
	<b>Financial assets:</b>				
	(i) Investments	5	-	-	613.83
	(ii) Other financial assets	7	<b>256.94</b>	243.75	185.49
			<b>9,782.77</b>	<b>7,143.20</b>	<b>6,253.82</b>
2	<b>Current Assets</b>				
	Inventories	10	<b>1,086.27</b>	1,061.33	939.01
	<b>Financial assets:</b>				
	(i) Trade receivables	11	<b>2,161.95</b>	1,970.99	1,548.88
	(ii) Cash and cash equivalents	12	<b>36.47</b>	2,239.48	1,362.91
	(iii) Bank balance other than (ii) above	12	<b>154.98</b>	134.33	278.71
	(iv) Loans	6	<b>10.67</b>	5.93	5.71
	(v) Other financial assets	7	<b>19.03</b>	8.51	3.46
	Current tax assets (net)	8	<b>12.41</b>	17.19	35.34
	Other current assets	9	<b>1,094.05</b>	695.52	581.40
			<b>4,575.83</b>	<b>6,133.28</b>	<b>4,755.42</b>
	<b>Total Assets</b>		<b>14,358.60</b>	<b>13,276.48</b>	<b>11,009.24</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>				
1	<b>Equity</b>				
	Equity share capital	13	<b>5,918.68</b>	5,918.68	5,918.68
	Other equity	13	<b>1,944.27</b>	1,165.01	747.44
	<b>Total Equity</b>		<b>7,862.95</b>	<b>7,083.69</b>	<b>6,666.12</b>
2	<b>Liabilities</b>				
	<b>Non-Current Liabilities</b>				
	Financial liabilities				
	- Borrowings	14	<b>1,049.22</b>	912.82	-
	Deferred tax liabilities(Net)	16	<b>780.02</b>	621.81	454.42
			<b>1,829.24</b>	<b>1,534.63</b>	<b>454.42</b>
3	<b>Current Liabilities</b>				
	<b>Financial liabilities</b>				
	- Borrowings	14	<b>1,786.80</b>	2,478.76	1,793.92
	- Trade payables	17	<b>1,889.58</b>	1,686.97	1,556.60
	- Other financial liabilities	18	<b>679.41</b>	148.64	254.79
	Other current liabilities	19	<b>213.85</b>	273.11	236.88
	Provisions	15	<b>96.77</b>	70.68	46.51
	<b>Total Current Liabilities</b>		<b>4,666.41</b>	<b>4,658.16</b>	<b>3,888.70</b>
	<b>Total Equity and Liabilities</b>		<b>14,358.60</b>	<b>13,276.48</b>	<b>11,009.24</b>
	Notes 1 to 41 form an integral part of these financial statements				

 For and on behalf of the Board of Directors of  
**Kothari Petrochemicals Limited**
**Arjun B Kothari**  
 Managing Director

**C.V. Sankar**  
 Director

 As per our report of even date attached  
**For P.Chandrasekar, LLP**  
**Chartered Accountants**  
**Reg. No. 000580S/S200066**
**A.Thanikainathan**  
 Company Secretary

**Cyrus Kallapurackal**  
 Chief Financial Officer

**S.Sriram**  
 Partner  
 Membership No.205496

 Place : Chennai  
 Date : May 25, 2018

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

₹ in Lakhs

	Particulars	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
I	Revenue from Operations	20	19,958.06	24,394.31
II	Other Income	21	170.98	260.01
<b>III</b>	<b>Total Income(I+II)</b>		<b>20,129.04</b>	<b>24,654.32</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	22	11,995.27	15,938.60
	Changes in inventories of finished goods	23	0.46	(3.89)
	Excise duty on sale of goods		492.59	2,446.75
	Employee benefit expenses	24	1,239.85	1,152.53
	Finance cost	25	141.91	151.76
	Depreciation & amortisation expense	26	360.98	310.37
	Other expenses	27	4,450.99	3,663.03
	<b>Total Expenses</b>		<b>18,682.05</b>	<b>23,659.15</b>
V	Profit before exceptional items and tax (III-IV)		1,446.99	995.17
VI	Exceptional items		-	-
<b>VII</b>	<b>Profit Before Tax</b>		<b>1,446.99</b>	<b>995.17</b>
VIII	Tax Expense	29		
	a) Current tax		330.51	247.09
	b) Deferred tax		158.88	167.33
<b>IX</b>	<b>Profit for the period from continuing operations(VII-VIII)</b>		<b>957.60</b>	<b>580.75</b>
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	(i) Re-measurement gains/(losses) on defined benefit plans		(1.94)	0.18
	(ii) Income tax effect on above		0.67	(0.06)
	<b>Total Other Comprehensive Income</b>		<b>(1.27)</b>	<b>0.12</b>
<b>XI</b>	<b>Total Comprehensive Income for the year (IX+X)</b>		<b>956.33</b>	<b>580.87</b>
	Earnings per equity share	30		
	Basic (₹.)		1.63	0.99
	Diluted (₹.)		1.63	0.99
	Notes 1 to 41 form an integral part of these financial statements			

 For and on behalf of the Board of Directors of  
**Kothari Petrochemicals Limited**
**Arjun B Kothari**  
 Managing Director

**C.V. Sankar**  
 Director

 As per our report of even date attached  
**For P.Chandrasekar,LLP**  
**Chartered Accountants**  
 Reg. No. 000580S/S200066

**A.Thanikainathan**  
 Company Secretary

**Cyrus Kallapurackal**  
 Chief Financial Officer

**S.Sriram**  
 Partner  
 Membership No.205496

 Place : Chennai  
 Date : May 25, 2018

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**
**A. Equity Share Capital**

Particulars	₹ in Lakhs	
	As at 01 <sup>st</sup> April 2016	As at 31 <sup>st</sup> March 2018
Equity share capital	5,918.68	5,918.68

**B. Other Equity**

Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	Capital reserves	Retained earnings	Equity instruments	Other items	
Balance as at 1 <sup>st</sup> April 2016 (as previously reported)	0.40	750.36			750.76
i) Effect of measuring derivatives at fair value		(2.29)			(2.29)
ii) Fair value changes recognised during the year		(1.03)			(1.03)
Restated Balance as at 1 <sup>st</sup> April 2016	0.40	747.04	-		747.44
Profit for the year		580.75			580.75
i) Dividend (Dividend per share Re.0.25)		(147.12)			(147.12)
ii) Tax paid thereon		(16.18)			(16.18)
iii) Re-measurement of defined benefit plan				0.12	0.12
Balance as at 31 <sup>st</sup> March 2017	0.40	1,164.49	-		1,165.01
Profit for the year		957.60			957.60
i) Dividend (Dividend per share Re. 0.25)		(147.12)			(147.12)
ii) Tax paid thereon		(29.95)			(29.95)
iii) Re-measurement of defined benefit plan				(1.27)	(1.27)
Balance as at 31 <sup>st</sup> March 2018	0.40	1,945.03	-	(1.15)	1,944.27

Notes 1 to 41 form an integral part of these financial statements

For and on behalf of the Board of Directors of

**Kothari Petrochemicals Limited**
**Arjun B Kothari**  
 Managing Director

**A.Thanikainathan**  
 Company Secretary

Place : Chennai

Date : May 25, 2018

As per our report of even date attached

**For P.Chandrasekar,LLP**
**Chartered Accountants**
**Reg. No. 000580S/S200066**
**C.V. Sankar**  
 Director

**Cyrus Kallupurackal**  
 Chief Financial Officer

**S.Sriram**  
 Partner

Membership No.205496

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

₹ in Lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,446.99	995.17
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	360.98	310.37
Operating lease rentals from Investment Property	(71.55)	(71.85)
Interest income	(16.07)	(16.94)
Dividend income	-	(87.21)
Remeasurement of defined benefit obligations	(1.94)	0.18
(Gain)/loss on sale of property, plant and equipment	9.36	(2.90)
Exchange fluctuation gain (net)	(47.16)	(48.84)
Finance cost / Financial guarantee expenses	115.52	127.18
(Gain)/loss on sale of investments and mutual funds	(0.89)	-
<b>Operating profit before working capital changes</b>	<b>1,795.24</b>	<b>1,205.16</b>
<b>Adjustments for changes in working capital:</b>		
<b>(Increase)/decrease in operating assets-</b>		
Inventories	(24.94)	(122.32)
Trade receivable	(190.93)	(422.41)
Exchange fluctuation gain(Net)	47.16	11.80
Financial assets-loans	(4.74)	(0.22)
Financial assets-others	(23.72)	(63.31)
Other Assets	(398.53)	(114.12)
<b>Increase/(decrease) in operating liabilities-</b>		
Trade payables	202.61	130.37
Financial liabilities-others	530.77	(106.15)
Other liabilities	(33.17)	60.40
	1,899.75	579.20
Less:Taxes paid	325.75	228.73
<b>Net cash from / (used in) operating activities</b>	<b>1,574.00</b>	<b>350.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets (including capital work-in-progress)	(2,996.72)	(1,752.33)
Redemption / (Purchase) of investments	-	613.83
Exchange fluctuation gain on repatriation of investments in foreign subsidiary	-	37.04
Margin money with bank/ Dividend account	(20.65)	144.38
Operating lease rentals from Investment Property	71.55	71.85
Dividend received	-	87.21
Interest received	16.07	16.94
Purchase of investments	(100.00)	-
Sale of investments	100.89	-
<b>Net cash from / (used in) investing activities</b>	<b>(2,928.86)</b>	<b>(781.08)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	136.40	912.82
Proceeds from / (repayment of) working capital borrowings	(691.96)	684.84
Dividend paid	(147.12)	(147.12)
Dividend distribution Tax paid	(29.95)	(16.18)
Finance cost / Financial guarantee expenses	(115.52)	(127.18)
<b>Net cash from / (used in) financing activities</b>	<b>(848.15)</b>	<b>1,307.18</b>
<b>D. NET CASH FLOWS DURING THE YEAR (A+B+C)</b>	<b>(2,203.01)</b>	<b>876.57</b>
E. Cash and cash equivalents at the beginning of the year	2,239.48	1,362.91
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)</b>	<b>36.47</b>	<b>2,239.48</b>

Notes 1 to 41 form an integral part of these financial statements

For and on behalf of the Board of Directors of  
Kothari Petrochemicals LimitedArjun B Kothari  
Managing DirectorC.V. Sankar  
DirectorA.Thanikainathan  
Company SecretaryCyrus Kallapurackal  
Chief Financial OfficerPlace : Chennai  
Date : May 25, 2018As per our report of even date attached  
For P.Chandrasekar,LLP  
Chartered Accountants  
Reg. No. 000580S/S200066S.Sriram  
Partner  
Membership No.205496

**Note - 1****CORPORATE OVERVIEW**

Kothari Petrochemicals Limited (referred to as “KPL” or the “Company”) are the Manufacturers of Poly Iso Butylene. The registered office of the Company is situated at “Kothari Buildings”, No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034.

The functional and presentation currency of the Company is Indian Rupee, which is currency of the primary economic environment in which the Company operates.

The financial statements for the year ended 31 March, 2018 were approved for issue by the Board of Directors of the Company on 25 May, 2018 and are subject to adoption by the shareholders in the ensuing Annual General Meeting.

**SIGNIFICANT ACCOUNTING POLICIES****1. Statement of Compliance**

The financial statements have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer point no.19 below for the details of first-time adoption exemptions availed by the Company.

**2. Basis of preparation and presentation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**3. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1<sup>st</sup> July 2017 Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. Accordingly, the figures for the year are not strictly comparable to previous year.

**a. Sale of goods**

Revenue from the sale of goods is recognised when the goods are despatched and titles have passed, at which time all the following conditions are satisfied:

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The Company recognises revenue when all the following criteria are satisfied:

- (i) significant risks and rewards of ownership have been transferred to the customer;
- (ii) there is no continuing management involvement with the goods usually associated with ownership, nor effective control over the goods sold has been retained;
- (iii) the amount of revenue can be measured reliably;
- (iv) It is probable that the economic benefits associated with the transaction will flow to the Company;
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In barter transaction, revenue is recognised at fair value of the goods given up when the goods are dispatched.

**b. Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined based on the agreements / arrangements with the concerned parties and when services are rendered.

**c. Dividend and interest income**

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established.
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**d. Export Incentives**

Export incentive under Duty Entitlement Pass Book Scheme are treated as income in the year of export at the estimated realisable value.

**4. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to the transition date, i.e. 1<sup>st</sup> April 2016 the Company has determined whether the arrangements contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as Lessee**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease or based on the time pattern of user benefit basis. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**Company as Lessor**

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancelable in nature. The lease rentals under such agreements are recognised in the Statement of Profit and Loss as per the terms of the lease.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**5. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**6. Employee Benefits****a. Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee benefits expense'.

Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Gratuity for employees is covered under a Scheme of Reliance Nippon Life Insurance Company Limited (Formerly known as Reliance Life Insurance Company Limited) and contributions in respect of such scheme are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out as at the end of the year.

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Reliance Nippon Life Insurance Company Limited) and Provident Fund for certain employees covered under the respective Schemes are recognised in the Statement of Profit and Loss each year.

A liability for a termination benefit is recognised at the earlier of, when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**b. Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**7. Earnings per Share**

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**8. Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**a. Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

**b. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**c. Current and deferred tax for the year**

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**9. Property, Plant and Equipment**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

All Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost of asset includes the purchase cost of material, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use. Interest on borrowings used to finance the construction of qualifying assets are capitalised as part of cost of asset until such time that the asset is ready for its intended use. Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. For assets acquired after 1st April 2014, depreciation is provided under straight line method, based on useful life specified in part C of schedule II to the Companies Act, 2013, reckoning the maximum residual value of 5% of the original cost. For assets acquired prior to 1st April 2014, the carrying amount is depreciated over the remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Estimated useful lives of the assets are as follows:

Building	3-60 years
Plant & equipment	10-40 years
Furniture & fixtures	8-10 years
Office equipment & Computers	3-5 years
Vehicles	8-10 years

Assets costing ₹. 5,000 and below are depreciated in the year of acquisition.

Assets on leased premises are depreciated on the remaining period of lease or as per the useful life prescribed in schedule II of the Companies Act, 2013, whichever is earlier.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

**10. Investment Property**

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the property is derecognised.

**11. Intangible Assets**

For transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets recognised as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Software and licence are amortised over useful life of 5 years.

**a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

**b. Internally generated intangible assets- research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in Statement of Profit and Loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**NOTES FORMING PART OF FINANCIAL STATEMENTS****c. Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Profit and Loss when the asset is derecognised.

**d. Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows: Licenses 3 to 6 years. However, as of now there are no internally generated intangible assets in the Company's books of account.

**Impairment of Tangible & Intangible Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**12. Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. Borrowing costs are not included in the value of inventories. The cost of inventories is computed on weighted average basis. Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. Such write downs are recognised in the Statement of Profit and Loss. When the reason for a write-down of the inventories ceases to exist, the write-down is reversed.

**13. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is not recognised in the financial statements, however, is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If it becomes probable that an outflow of future economic benefits will be required for an item dealt with as a contingent liability, a provision is recognised in the financial statements of the period (except in the extremely rare circumstances where no reliable estimate can be made).

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

A contingent asset is not recognised in the financial statements, however, is disclosed, where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

**14. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

**15. Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**a. Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition). The debt instruments carried at amortised cost include Deposits, Debtors, Loans and advances recoverable in cash.

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer point no 16.e below.

Investment in subsidiaries and associates are accounted under cost basis.

All other financial assets are subsequently measured at fair value.

**b. Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Expense is recognised on an effective interest basis for debt instruments other than those financial liabilities classified as at FVTPL. Interest expense is recognised in Statement of Profit and Loss and is included in the 'finance cost' line item.

**c. Impairment of financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information or case to case basis.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**d. Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

**e. Derivative financial instruments**

The Company uses derivative financial instruments, such as forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the Statement of Profit and Loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

**16. Financial liabilities and equity instruments**
**a. Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c. Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**c.1. Financial liabilities at Fair value through profit and loss (FVTPL)**

Any financial instrument which does not meet the criteria for categorization as at amortised cost or fair value through other comprehensive income is classified as FVTPL. Thus Fair value through profit and loss is the residual category. Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recorded in Statement of Profit and Loss.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. Such election is made on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Fair value is determined in the manner described in note 35.

**c.2. Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**c.3. Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in Statement of Profit and Loss.

**c.4. Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

**17. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**18. Functional and presentation currency and Foreign Currency Transactions**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

**19. First-time adoption - mandatory exceptions, optional exemptions****a. Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

**b. Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

**c. Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the Fair Value Through Other Comprehensive Income (FVTOCI) criteria based on the facts and circumstances that existed as of the transition date.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**d. Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

**e. Deemed cost for Property, Plant and Equipment, investment property and intangible assets**

The Company has elected to continue with the carrying value of all of its plant and equipment, investment property and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**f. Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 "Determining whether an Arrangement contains a Lease" to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**g. Equity investments at Fair value through profit and loss (FVTPL)**

The Company has designated investment in equity shares other than subsidiaries, associate and joint ventures as at FVTPL on the basis of facts and circumstances that existed at the transition date.

**20. Key sources of estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

**a. Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 35.

**b. Useful life of Property, Plant & Equipment, Investment Properties and Intangible Assets**

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets

**c. Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

**d. Deferred Tax Assets**

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profits will be available against which deferred tax assets can be utilised. The Company reviews at each balance sheet the carrying amount of deferred tax asset.

**e. Defined Benefit Plan**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**21. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**22. Recent accounting pronouncements**

- a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.
- b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Note - 2 a) Property, Plant and Equipment

Gross block	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Total
As at 01st April 2016-Cost or deemed cost	278.47	1,045.43	2,230.86	27.49	21.93	17.05	15.65	3,636.88
Additions	-	-	1,092.14	9.75	23.83	49.44	144.90	1,320.06
Disposal	-	-	-	-	-	-	17.14	17.14
As at 31st March 2017	278.47	1,045.43	3,323.00	37.24	45.76	66.49	143.41	4,939.80
Additions	-	1,119.86	2,408.06	15.95	69.87	3.73	-	3,617.47
Disposal	-	12.63	-	-	-	-	-	12.63
As at 31st March 2018	278.47	2,152.66	5,731.06	53.19	115.63	70.22	143.41	8,544.64
<b>Accumulated depreciation/amortisation</b>								
As at 01st April 2016	-	-	-	-	-	-	-	-
Depreciation for the year	-	111.53	136.56	4.00	5.47	15.17	13.78	286.51
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on disposal	-	-	-	-	-	-	16.28	16.28
As at 31st March 2017	-	111.53	136.56	4.00	5.47	15.17	(2.50)	270.23
For the year	-	108.78	170.17	5.41	12.27	21.10	19.06	336.79
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on disposal	-	3.27	-	-	-	-	-	3.27
As at 31st March 2018	-	217.04	306.73	9.41	17.74	36.27	16.56	603.75
<b>Net block</b>								
As at 01st April 2016	278.47	1,045.43	2,230.86	27.49	21.93	17.05	15.65	3,636.88
As at 31st March 2017	278.47	933.90	3,186.44	33.24	40.29	51.32	145.91	4,669.57
As at 31st March 2018	278.47	1,935.62	5,424.33	43.78	97.89	33.95	126.85	7,940.89

Note - 2 b) Capital work-in-progress

Particulars	As at 31st March 2018	As at 31st March 2017	As at 01st April 2016
Capital work-in-progress	5.86	631.11	195.04
	<b>5.86</b>	<b>631.11</b>	<b>195.04</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 3 Investment Property**

₹ in Lakhs

Particulars	Land	Building	Total
<b>Gross block</b>			
As at 01st April 2016-Cost or deemed cost	217.41	1,405.06	1,622.47
Additions	-	-	-
Disposals	-	-	-
<b>As at 31st March 2017</b>	<b>217.41</b>	<b>1,405.06</b>	<b>1,622.47</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at 31st March 2018</b>	<b>217.41</b>	<b>1,405.06</b>	<b>1,622.47</b>
<b>Accumulated depreciation</b>			
<b>As at 01st April 2016</b>	-	-	-
Depreciation for the period	-	23.78	23.78
Reversal on disposal of assets	-	-	-
<b>As at 31st March 2017</b>	-	<b>23.78</b>	<b>23.78</b>
Depreciation for the period	-	23.78	23.78
Reversal on disposal of assets	-	-	-
<b>As at 31st March 2018</b>	-	<b>47.56</b>	<b>47.56</b>
<b>Net block</b>			
<b>As at 01st April 2016</b>	<b>217.41</b>	<b>1,405.06</b>	<b>1,622.47</b>
<b>As at 31st March 2017</b>	<b>217.41</b>	<b>1,381.28</b>	<b>1,598.69</b>
<b>As at 31st March 2018</b>	<b>217.41</b>	<b>1,357.50</b>	<b>1,574.91</b>

**Information regarding income and expenditure of investment property**

₹ in Lakhs

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Operating lease rentals from Investing Property	71.55	71.85
Direct expenses:		
contribute to the rental income (including repairs and maintenance)	59.62	53.80
Profit before depreciation and indirect expenses	11.93	18.05
Less: Depreciation	23.78	23.78
Profit before indirect expenses	(11.85)	(5.73)

**Fair value of Investment Property**

The fair value of the Company's investment property as at 31/03/2018 is ₹.2,080.54 lacs ( ₹.2,019.34 lakhs as at 31/03/2017). The valuation has been carried out by Mr.Khatib Ahmed, B.E.,C.Eng.(I), A.M.I.E.(I), Chartered Engineer, approved and independent valuer, not related to the Company.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 4 Intangible Assets

₹ in Lakhs

<b>Software and licences</b>	
<b>Gross block</b>	
As at 01st April 2016-Cost or deemed cost	0.11
Additions	-
Disposals	-
<b>As at 31st March 2017</b>	0.11
Additions	4.50
Disposals	-
<b>As at 31st March 2018</b>	4.61
<b>Accumulated depreciation</b>	
As at 01st April 2016	-
Depreciation for the period	0.03
Reversal on disposal of assets	-
As at 31st March 2017	0.03
<b>Depreciation for the period</b>	0.41
Reversal on disposal of assets	-
<b>As at 31st March 2018</b>	0.44
<b>Net block</b>	
<b>As at 01st April 2016</b>	<b>0.11</b>
<b>As at 31st March 2017</b>	<b>0.08</b>
<b>As at 31st March 2018</b>	<b>4.17</b>

## Note - 5 Non Current Investments

₹ in Lakhs

Particulars	As at		As at
	31st March 2018	31st March 2017	01st April 2016
<b>Investments in Subsidiaries</b>			
1,00,000 shares of USD 10 each fully paid up in Kothari Petrochemicals Pte Ltd, Singapore (unquoted at cost)	-	-	613.83
	-	-	<b>613.83</b>

## Note - 6 Loans

₹ in Lakhs

Particulars	As at		As at		As at	
	31st March 2018		31st March 2017		01st April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Loans to employees	-	10.67	-	5.93	-	5.71
	-	<b>10.67</b>	-	<b>5.93</b>	-	<b>5.71</b>

(Unsecured and considered good unless otherwise stated)

## Note - 7 Other Financial Assets

₹ in Lakhs

Particulars	As at		As at		As at	
	31st March 2018		31st March 2017		01st April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Security deposits	256.94	-	243.75	-	185.49	-
Advances recoverable	-	6.27	-	5.12	-	0.98
Interest receivable	-	2.08	-	3.39	-	2.48
Derivative Assets	-	10.68	-	-	-	-
	<b>256.94</b>	<b>19.03</b>	<b>243.75</b>	<b>8.51</b>	<b>185.49</b>	<b>3.46</b>

(Unsecured and considered good unless otherwise stated)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 8 Current Tax Assets(Net)**

₹ in Lakhs

Particulars	As at		As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
Advance payment of tax and tax deducted at source (net of provision)	12.41	17.19	35.34
	<b>12.41</b>	<b>17.19</b>	<b>35.34</b>

**Note - 9 Other Assets**

₹ in Lakhs

Particulars	As at		As at		As at	
	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017		01 <sup>st</sup> April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Prepaid expenses	-	53.20	-	32.75	-	18.76
Capital advances	-	7.37	-	237.64	-	92.85
Balance with statutory/government authorities	-	81.10	-	54.40	-	53.05
Advances to supplier of inputs	-	950.27	-	366.04	-	409.47
Unamortised cost of leasehold land	-	2.11	-	4.69	-	7.27
	-	<b>1,094.05</b>	-	<b>695.52</b>	-	<b>581.40</b>

(Unsecured and considered good unless otherwise stated)

**Note - 10 Inventories**

₹ in Lakhs

Particulars	As at		As at		As at	
	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017		01 <sup>st</sup> April 2016	
Raw materials	499.86	536.79	368.98			
Raw material in transit	370.00	287.00	285.77			
Finished goods	56.80	64.42	53.37			
Stores and spares	157.64	168.33	228.30			
Packing material	1.97	4.79	2.59			
	<b>1,086.27</b>	<b>1,061.33</b>	<b>939.01</b>			

a) Inventory written down Nil and reversal of written down inventory Nil.

b) Refer note 14 for security on borrowings.

**Note - 11 Trade Receivable**

₹ in Lakhs

Particulars	As at		As at	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016	
Trade Receivable	2,161.95	1,970.99	1,548.88	
	2,161.95	1,970.99	1,548.88	
Doubtful				
Less: Provision	-	-	-	
	<b>2,161.95</b>	<b>1,970.99</b>	<b>1,548.88</b>	

(Unsecured and considered good unless otherwise stated)

\* The credit period for sale ranges from 0-60 days. No interest is charged on overdue amounts.

\* The Company uses available information in public domain and its own internal assessment and trading records before accepting any customer.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Trade receivable ageing is as follows.

₹. in Lakhs

Particulars	As at		As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
0-30 days	2,027.74	1,718.93	1,352.84
31-60 days	130.55	242.35	191.04
61-90 days	0.19	8.20	4.44
More than 90 days	3.47	1.51	0.56
	<b>2,161.95</b>	<b>1,970.99</b>	<b>1,548.88</b>

**Note - 12(a) Cash and cash equivalents**

₹. in Lakhs

Particulars	As at		As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
Balances with banks in current account	34.13	2,238.25	1,361.40
Cash on hand	2.34	1.23	1.51
	<b>36.47</b>	<b>2,239.48</b>	<b>1,362.91</b>

**Note - 12(b) Other bank balances**

Particulars	As at		As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
Earmarked balances with bank - Dividend warrant account	74.86	64.30	222.47
Margin money with bank	80.12	70.03	56.24
	<b>154.98</b>	<b>134.33</b>	<b>278.71</b>

**Note - 13(a) Share Capital**

₹. in Lakhs

Particulars	As at		As at		As at	
	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017		01 <sup>st</sup> April 2016	
	Numbers	Valule in ₹. lakhs	Numbers	Valule in ₹. lakhs	Numbers	Valule in ₹. lakhs
<b>A) Authorised :</b>						
<b>Preference share capital</b>						
Redeemable preference shares of ₹.100/- each	600,000.00	600.00	600,000.00	600.00	600,000.00	600.00
<b>Equity share capital</b>						
Equity shares of ₹.10/- each	60,000,000.00	6,000.00	60,000,000.00	6,000.00	60,000,000.00	6,000.00
<b>B) Issued :</b>						
Equity shares of ₹.10/- each	59,640,700.00	5,964.07	59,640,700.00	5,964.07	59,640,700.00	5,964.07
<b>C) Subscribed and paid up :</b>						
Equity shares of ₹.10/- each fully paid	58,846,400.00	5,884.64	58,846,400.00	5,884.64	58,846,400.00	5,884.64
<b>D) Subscribed and partly paid up and hence forfeited :</b>						
	-	34.04	-	34.04	-	34.04
<b>Total (C+D)</b>	<b>58,846,400.00</b>	<b>5,918.68</b>	<b>58,846,400.00</b>	<b>5,918.68</b>	<b>58,846,400.00</b>	<b>5,918.68</b>

a) There were no movement in the share during the current and previous year.

b) Shareholders holding more than 5% of the aggregate shares in the company.

	Nos.		Nos.		Nos.	
	% hodings		% hodings		% hodings	
(i) BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	29,445,812	50.04%	29,445,812	50.04%	29,445,812	50.04%
(ii) Kothari Sugars & Chemicals Ltd	12,019,000	20.42%	12,019,000	20.42%	12,019,000	20.42%
c) Shares held by holding entity						
	Nos.	% holding	Nos.	% holding	Nos.	% holding
BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	29,445,812	50.04%	29,445,812	50.04%	29,445,812	50.04%

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

- d) Rights, preferences and restrictions  
 Equity shares - The Company has issued only one class of equity share having a par value of ₹.10 per share  
 Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupee.
- e) Bonus shares/Buy back/Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March 2018:
- Aggregate number of equity shares allotted as fully paid up pursuant to contract without payment being received in cash: Nil
  - Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares: Nil
  - Aggregate number of equity shares bought back: Nil

**Note - 13(b) Other Equity**

₹ in Lakhs

Particulars	As at		As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
<b>A) Capital Reserve</b>	0.40	0.40	0.40
<b>B) Retained earnings:</b>			
Balance at the beginning of the year	1,164.61	747.04	540.17
Retained earnings for the year	957.60	580.75	918.45
Dividend paid	(147.12)	(147.12)	(588.46)
Tax on proposed dividend	(29.95)	(16.18)	(119.80)
Ind AS Transition adjustments:			
i) Effect of measuring derivatives at fair value	-	-	(2.29)
ii) Fair value changes recognised during the year	-	-	(1.03)
Items of other comprehensive income recognised directly in retained earnings:			
a) Remeasurement of post employment benefit obligation, net of tax	(1.27)	0.12	-
	<b>1,943.87</b>	<b>1,164.61</b>	<b>747.04</b>
<b>Total (A+B)</b>	<b>1,944.27</b>	<b>1,165.01</b>	<b>747.44</b>

**Note - 14 Borrowings**

₹ in Lakhs

Particulars	As at		As at		As at	
	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017		01 <sup>st</sup> April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
a) Secured						
Term loan from HDFC Bank*	1,500.00	-	841.83	-	-	-
Car loan from HDFC Bank**	70.99	-	92.70	-	-	-
Working capital loan-Indian Bank***	-	1,786.80	-	2,478.76	-	1,793.92
	1,570.99	1,786.80	934.53	2,478.76	-	1,793.92
Less: Current maturities of long term borrowings	521.77	-	21.71	-	-	-
(a)	1,049.22	1,786.80	912.82	2,478.76	-	1,793.92
b) Unsecured						
Working capital loans	-	-	-	-	-	-
(b)	-	-	-	-	-	-
<b>Total (a+b)</b>	<b>1,049.22</b>	<b>1,786.80</b>	<b>912.82</b>	<b>2,478.76</b>	<b>-</b>	<b>1,793.92</b>

\* Secured by exclusive charge on assets (movable) being funded. Rate of interest 9.25% p.a, linked to one year MCLR of Bank, with annual reset. Principal repayable in 12 quarterly instalments starting June'18.

\*\* Sanctioned amount ₹.109.80 lakhs. Secured hypothecation of car. Rate of interest 9.35%. Loan repayable in 60 equated monthly instalments from July 2016.

\*\*\* The facilities are secured by first charge on hypothecation of stocks and book debts.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 15 Provisions**

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 01 <sup>st</sup> April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits						
Gratuity-refer note (a) below	-	19.13	-	29.51	-	2.26
Bonus payable	-	28.04	-	23.34	-	24.42
Compensated absences	-	10.01	-	2.07	-	4.07
Provision related to other expenses	-	39.59	-	15.76	-	15.76
	-	<b>96.77</b>	-	<b>70.68</b>	-	<b>46.51</b>

(a) Liability to existing employees of the Company in respect of gratuity is covered under a common insurance policy (maintained with Reliance Nippon Life Insurance Company Limited) administered by a Trust maintained for 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 following table summarises the components of defined benefit plan cost to be recognised in statement of profit and loss account, other comprehensive income, liability to be recognised in balance sheet and changes in fair value of planned assets.

₹ in Lakhs

Particulars	2017-18	2016-17
<b>Present value of obligations at the beginning of the year</b>	<b>398.96</b>	<b>326.64</b>
Current service cost	67.64	82.30
Interest Cost	32.12	26.68
Re-measurement (gain) / loss:		
- Actuarial (gain) / loss arising from change in financial assumption	(13.84)	17.51
- Actuarial (gain) / loss arising from experience adjustment	(4.37)	(13.04)
Benefits paid	(27.90)	(41.13)
<b>Present value of obligations at the end of the year</b>	<b>452.61</b>	<b>398.96</b>
<b>Changes in the fair value of planned assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>326.62</b>	<b>309.19</b>
Interest income	25.85	23.78
Return on plan assets	(12.68)	3.95
Contributions by the employer	85.78	30.84
Benefits paid	(27.90)	(41.13)
<b>Fair value of plan assets at the end of the year</b>	<b>397.67</b>	<b>326.63</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	452.61	398.96
Less: Share of obligation pertaining to promoter Company under common Gratuity Trust	35.81	42.82
Fair value of plan assets at end of the year	397.67	326.63
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>19.13</b>	<b>29.51</b>
<b>Components of defined benefit cost recognized in profit or loss</b>		
Current service cost	67.64	82.30
Net interest expenses	32.12	26.68
<b>Net cost in Profit or Loss</b>	<b>99.76</b>	<b>108.98</b>
<b>Components of defined benefit cost recognized in Other Comprehensive Income</b>		
Re-measurement on the net defined benefit liability:		
-Actuarial gain/ (loss) arising from change in financial assumption	(13.84)	17.51
-Actuarial gain/ (loss) arising from experience adjustment	(4.37)	(13.04)
Return on plan assets	12.68	(3.95)
<b>Net gain/ (loss)</b>	<b>(5.53)</b>	<b>0.52</b>
<b>Less: Allocation to promoter Company under common gratuity trust</b>	<b>(3.59)</b>	<b>0.34</b>
<b>Net Cost in other Comprehensive Income</b>	<b>(1.94)</b>	<b>0.18</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Assumptions**

₹. in lakhs

Particulars	2017-18	2016-17
Discount rate	7.71%	7.27%
Expected rate of salary increase	6.50%	6.50%
Expected rate of attrition	2.00%	2.00%
Average age of members	40.10	39.60
Average remaining working Life	14.10	14.50
Mortality IALM (2006-08) Ultimate	100%	100%

The Company has invested the plan assets with insurer managed funds. The Insurance Company has invested the plan assets in government securities, Debt Funds, Mutual Funds, Money market instruments etc. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

**Experience Adjustments**

₹. in lakhs

Particulars	For the year ended		
	31st March 2018	31st March 2017	31st March 2016
(Gain) / Loss on Plan Liabilities	(4.37)	(13.04)	(40.19)
% of Opening Plan Liabilities	-1.10%	-3.99%	-11.60%
Gain / (Loss) on Plan Assets	(12.68)	3.95	0.75
% of Opening Plan Assets	-3.88%	1.28%	0.24%

**Notes :**

- Experience adjustment has been provided only to the extent of details available.
- Estimates of future salary increase take into account of inflation, seniority, promotion and other relevant factors.
- The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The Company's gratuity funds are managed by the M/s. Reliance Nippon Life Insurance Company Limited and therefore the composition of the fund assets is not presently ascertained.
- The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹.19.13 lakh (as on 31 March, 2017 ₹.29.51 lacs).

**Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period., while holding all other assumptions constant. The results of sensitivity analysis are given below:

₹. in lakhs

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Discount rate			
0.50% increase	(16.61)	(15.48)	(12.80)
0.50% decrease	17.70	16.36	13.69
Salary growth rate			
0.50% increase	17.70	16.36	13.69
0.50% decrease	(16.61)	(15.48)	(12.80)
Attrition rate			
0.50% increase	2.26	1.48	1.31
0.50% decrease	(2.44)	(1.64)	(1.40)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 16 Deferred Tax Liability (Net)**

₹. in lakhs

Particulars	01 <sup>st</sup> April 2016	Recognised in Other Comprehensive Income	Recognised in Statement of Profit & Loss	31 <sup>st</sup> March 2017
Deferred tax asset / (liability) arising on account of:				
Property, plant and equipment	(454.99)		(165.35)	(620.34)
Provision for Bonus / Leave encashment	1.42		(0.70)	0.72
Defined benefit obligation	-	(0.06)		(0.06)
Forward cover marked to market gain/loss	(0.59)		(1.61)	(2.20)
Interest free deposit received	-		0.32	0.32
Interest free deposits paid	(0.26)		0.01	(0.25)
<b>Deferred Tax Asset / (Liability)</b>	<b>(454.42)</b>	<b>(0.06)</b>	<b>(167.33)</b>	<b>(621.81)</b>

Particulars	01 <sup>st</sup> April 2017	Recognised in Other Comprehensive Income	Recognised in Statement of Profit & Loss	31 <sup>st</sup> March 2018
Deferred tax (liability)/ asset arising on account of:				
Property, plant and equipment	(620.34)		(175.44)	(795.78)
Provision for Bonus / Leave encashment	0.72		12.44	13.16
Defined benefit obligation	(0.06)	0.67		0.61
Forward cover marked to market gain/loss	(2.20)		3.70	1.50
Interest free deposit received	0.32		0.32	0.64
Interest free deposits paid	(0.25)		0.10	(0.15)
<b>Deferred Tax Asset / (Liability)</b>	<b>(621.81)</b>	<b>0.67</b>	<b>(158.88)</b>	<b>(780.02)</b>

**Note - 17 Trade Payables**

₹. in lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Trade payables	1,889.58	1,686.97	1,556.60
	<b>1,889.58</b>	<b>1,686.97</b>	<b>1,556.60</b>

\*Trade payables are non interest bearing and are normally settled between 0 and 90 days.

\*The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act 2006. In the absence of confirmation from the suppliers, disclosures, if any, relating to unpaid amounts as at the year end together with interest paid/payable as required under the Act has not been given.

**Note - 18 Other Financial Liabilities**

₹. in lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Current liabilities of term loans from banks (secured)	521.77	21.71	-
Interest accrued but not due	11.78	5.24	-
Unclaimed dividend	74.86	64.30	222.47
Trade deposits	23.13	21.10	26.52
Deferred revenue arising from interest free deposits	24.27	27.24	-
Non statutory dues	3.91	4.39	4.10
Derivative Liabilities	-	4.66	1.70
Managerial commission payable	19.69	-	-
	<b>679.41</b>	<b>148.64</b>	<b>254.79</b>

**Note - 19 Other Current Liabilities**

₹. in lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Customer advances	194.63	195.55	152.85
Statutory dues	19.22	77.56	84.03
	<b>213.85</b>	<b>273.11</b>	<b>236.88</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 20 Revenue from operations**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
(a) Sale of products (including Excise Duty)	19,920.88	24,355.98
(b) Other operating revenues (refer note no.20(a))	37.18	38.33
Revenue from operations (Gross)	<b>19,958.06</b>	<b>24,394.31</b>

**Note - 20(a) Other Operating Revenues**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Scrap sales	14.31	16.01
Export incentives	22.87	22.32
	<b>37.18</b>	<b>38.33</b>

**Note - 21 Other Income**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Operating lease rentals from Investment Property	71.55	71.85
Interest income earned on financial assets	16.07	16.94
Net gain on foreign currency transaction and translation	47.16	48.84
Dividend income from investments designated at cost (subsidiary company)	-	87.21
Profits on sale of fixed assets	-	2.90
Gain on sale of investments	0.89	-
Insurance claim	35.31	32.27
	<b>170.98</b>	<b>260.01</b>

**Note - 22 Cost of Raw Materials and Components Consumed**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Opening stock of raw material and components	536.79	368.98
Add: Purchases during the year	11,958.34	16,106.41
Less: Closing stock of raw materials and components	499.86	536.79
	<b>11,995.27</b>	<b>15,938.60</b>

**Note - 23 Changes in Inventories of Finished goods**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Opening stock	64.42	53.37
Closing stock	56.80	64.42
Add: Excise duty adjustment for movement in finished goods inventory / (reversal)	(7.16)	7.16
<b>Net change</b>	<b>0.46</b>	<b>(3.89)</b>

**Note - 24 Employee Benefit Expenses**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Salaries and wages	968.13	910.17
Contribution to provident and other funds	88.38	96.79
Staff welfare expenses	183.34	145.57
	<b>1,239.85</b>	<b>1,152.53</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (a) Contribution to Provident Fund is in the nature of defined contribution plan and are made to Employees Provident Fund Scheme, 1952. Under the Scheme the Company is required to contribute a specified percentage of payroll cost to the Scheme. The interest as declared by the Government from time to time accrues to the employees under the Scheme.
- (b) Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to Reliance Nippon Life Insurance Company Limited. Under the Scheme the Company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make settlement to the qualifying employees.
- (c) Contribution Employees' Group Gratuity-cum Life Assurance scheme is in the nature of Defined Benefit plan and is remitted to Reliance Nippon Life Insurance Company Limited. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment.
- (d) Liability for unavailed leave for employees is considered as short term benefit and provided accordingly in books.

**Note - 25 Finance Cost**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Interest expenses	115.52	127.18
Other borrowing cost (Bank charges)	26.39	24.58
	<b>141.91</b>	<b>151.76</b>

**Note - 26 Depreciation and Amortisation Expenses**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Depreciation on Property, plant and equipment	336.79	286.56
Depreciation on Investment Property	23.78	23.78
Amortisation on Intangible assets	0.41	0.03
	<b>360.98</b>	<b>310.37</b>

**Note - 27 Other Expenses**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Power & fuel	2,373.65	1,528.13
Stores consumed	310.31	179.46
Freight and carriage outwards	214.27	244.68
Packing materials	266.16	256.69
Repairs & maintenance		
- Building	25.94	37.34
- Plant & equipment	402.53	373.91
- Other assets	44.95	56.93
Operating lease rentals paid	103.79	137.83
Travelling	79.32	154.40
Insurance	41.75	32.57
Rates & Taxes	58.74	74.22
Auditor's Remuneration:		
- Statutory audit fees	3.00	3.00
- Limited review fees	1.50	1.50
- Tax audit	0.50	0.50
- Other services	-	0.05
Research and development expenditure(Refer Note 31)	49.16	13.64
Corporate Social Responsibility expenditure (Refer Note 32)	27.06	30.76
Legal & professional charges	81.57	84.90
Sitting fees to Directors	6.25	4.75
Commission & discounts	80.05	217.22
Printing and stationery	4.71	5.81
Postage and telephone expenses	12.34	16.27
Administration expenses	263.44	208.47
	<b>4,450.99</b>	<b>3,663.03</b>

**Note - 28 Directors' Remuneration**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
(a) Whole time director's remuneration		
Short term benefits	49.65	49.49
Commission paid	19.69	-
	<b>69.34</b>	<b>49.49</b>
Note : Managerial remuneration above does not include gratuity as the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.		
(b) Non whole time directors' remuneration		
Directors' sitting fees	6.25	4.75
	<b>6.25</b>	<b>4.75</b>

**Note - 29 Income Tax**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
The major component of income tax expense and the reconciliation of expected expense based on the domestic effective tax rate of Kothari Petrochemicals Ltd at 34.608% and the reported tax expense in profit and loss are as follows:		
Profit before tax	1,446.99	995.17
i) Income Tax calculated at 34.608% (2016-17-20.389%-MAT)	500.77	202.91
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ii) Disallowances:		
a) Depreciation as per books	124.93	-
b) Others	15.08	-
iii) Allowances:		
a) Depreciation as per Income Tax Act, 1961	278.23	-
	362.55	202.91
Tax expenses comprise of:		
i) Current tax	362.55	202.91
ii) Adjustments in respect of current income tax of previous years	11.54	44.18
	<b>374.09</b>	<b>247.09</b>
iii) MAT credit utilised	43.58	-
	<b>330.51</b>	<b>247.09</b>
<b>Net Current Income Tax</b>	<b>330.51</b>	<b>247.09</b>

**Note - 30 Earning per Equity Share**

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Nominal value of equity share (₹.)	10.00	10.00
Profit attributable to equity shareholders (A)	957.60	580.75
Weighted average number of equity shares outstanding during the year (B)	58,846,400	58,846,400
Basic earnings per equity share (A/B) (Rs)	1.63	0.99
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D)=(A+C)	957.60	580.75
Dilutive effect on weighted average number of equity shares outstanding during the year (E)	-	-
Weighted average number of equity shares for computing diluted EPS (F)=(B+E)	58,846,400	58,846,400
Diluted earning per equity share (D/F) (₹.)	1.63	0.99

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 31 Details of Research and Development Expenditure

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
i) Capital expenditure	39.51	-
ii) Revenue expenditure		
a) Raw material and components consumed	2.07	-
b) Salaries and wages	20.06	-
c) Consultancy charges	19.08	13.64
d) Miscellaneous expenses	7.95	-
	<b>49.16</b>	<b>13.64</b>
<b>Total (i) + (ii)</b>	<b>88.67</b>	<b>13.64</b>

## Note - 32 Expenditure on Corporate Social responsibility

₹. in lakhs

Particulars	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
a) Gross amount required to be spent	27.06	30.76
b) Amount spent on:		
- Paid to HCK Education and Development Trust	27.06	30.76
	<b>27.06</b>	<b>30.76</b>

## Note - 33 Capital Management

The Company's capital management is intended to maximise the return to shareholders of the Company through the optimization of debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans. The funding requirements are met through equity and long term/short term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The following table summaries the capital of the Company.

₹. in lakhs

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
<b>Equity</b>	7,862.95	7,083.69	6,666.12
Debt	3,357.79	3,413.29	1,793.92
Cash and cash equivalents	(36.47)	(2,239.48)	(1,362.91)
<b>Net Debt</b>	3,321.32	1,173.81	431.01
Total capital (equity+net debt)	11,184.27	8,257.50	7,097.13
Net debt to capital ratio	0.30	0.14	0.06

## Note - 35 Fair value of financial assets and liabilities

The Company considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value. Fair value hierarchy of these financial assets and liabilities are categorized as Level 3.

Level 1 - Quoted price in an active market.

Level 2 - Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract rates, discounted at a rate that reflects the credit risk of various counterparties.

Level 3 - Discounted cash flow method is used to capture the present value of the expected future economic benefit that will flow to the company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

**Note 34 - Related Party Transactions**

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

Holding Entity  
 Promoter Company  
 Subsidiary Companies  
 Key Managerial Personnel (KMP)  
 Relative of KMP  
 Company Secretary  
 Chief Financial Officer

BHK Trading LLP  
 Kothari Sugars & Chemicals Ltd  
 Kothari Petrochemicals Pte Ltd, Singapore (Struck off effective 07/08/2017)  
 Kothari Petrochemicals HK Ltd, Hong Kong (Deregistered on 01/12/2017)  
 Mr. Arjun B Kothari, Managing Director  
 Mrs. Nina B Kothari, Chairperson  
 Mr. A. Thanikainathan  
 Mr. Cyrus Kallupurackal

₹ In Lakhs

Nature of Transactions	BHK Trading LLP		Kothari Sugars & Chemicals Ltd		Mrs. Nina B Kothari, Chairperson		Mr. Arjun B Kothari, Managing Director		Mr. A. Thanikainathan, Company Secretary		Mr. Cyrus Kallupurackal, Chief Financial Officer		Kothari Petrochemicals Pte Ltd.		Kothari Petrochemicals HK Ltd	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Dividend paid	73.61	73.61	30.05	30.05	0.74	0.74										
Common Expenses(Electricity & Telephone)			33.50	47.90												
Professional Services(AMC,Tech Fee)			247.78	153.80												
Sales Revenue -Spares as scrap			0.52													40.09
Investment in subsidiary																
Reparation of Investment in Subsidiary					1.00	1.00										
Siting Fees					5.00	5.00										
Management Consultancy																
Salary & Commission							69.34	49.49	18.27	6.31	13.57	12.36				
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>19.69 Cr</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Nature of Transactions	Century Foods Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Ltd.		Santhoor Commercials Pvt. Ltd.		Parasakshi Trading Co. Pvt. Ltd.		HCK Educational and Development Trust	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Dividend paid	5.88	5.88												
Lease rentals paid	15.60	15.60	16.64	16.64					12.00	48.00	30.00	30.00		
Commission Paid								63.80						
Common Expenses(Electricity & Telephone)														
Locker Rent			0.06	0.06	0.90	0.97								
CSR Payment														
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>	<b>13.80</b>	<b>13.80</b>	<b>Nil</b>	<b>0.06 CR</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>27.06</b>	<b>30.76</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 36 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies**

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effect of these risks by using financial instruments such as foreign currency forward contracts and appropriate risk management policies. The Company does not enter into trade financial instruments, including derivative financial instruments for speculative purposes.

**a) Foreign currency risk management**

The Company is exposed to foreign exchange risk on account of exports. The Company has a forex policy in place whose objective is to reduce foreign exchange risk by deploying the appropriate hedging strategies (forward covers) and also by maintaining reasonable open exposures within the approved parameters depending on the future outlook on currencies.

Foreign currency forward covers outstanding as at Balance sheet date :

Amount in lakhs

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
Forward cover (sell) :			
USD/INR (in FCY)	8.18	2.59	2.24
USD/INR (in INR)	525.77	172.89	152.26
EURO/ INR (in FCY)	0.31	-	0.22
EURO/ INR (in INR)	24.48	-	16.18

The forward contracts have been entered into to hedge highly probable sale transactions and trade receivables. Forward cover has been taken for all the export trade receivables as at the above dates.

**b) Interest rate risk management**

The Company uses cash credit for working capital and term loan for capex. The interest rates on these borrowings are exposed to change in respective benchmark rates. The Company manages the interest rate risk by maintaining appropriate mix/portfolio of borrowings.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of reporting was outstanding for the whole year. A 50 basis point increase or decrease in case of Rupee borrowing is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If the interest rate were to increase by 50 basis from March 31, 2018, in case of Rupee borrowings and all other variables were held constant, additional annual interest expense on floating rate borrowing would amount to approximately ₹.16 lacs (31 March 2017 ₹.12 lacs).

**c) Other price risks**

The Company does not have any investments in equity shares and hence is not exposed to any equity price risks.

**d) Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and credit worthiness of its counter parties are periodically monitored and taken up on a case to case basis. The Company evaluates the concentration of risk with respect to trade receivables as low, as the major chunk of trade receivables is from oil PSUs with high credit rating. There is no material expected credit loss based on the past experience. The Company assesses the impairment of trade receivables on a case to case basis and creates loss allowances if required.

**e) Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31<sup>st</sup> March 2018.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

₹. in lakhs

Particulars	Carrying amount	upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Interest bearing borrowings	3,357.79	2,432.12	1151.69	-	3,583.81
Non interest bearing	1,889.58	1,889.58	-	-	1,889.58
Other financial liabilities	145.86	98.46	-	47.40	145.87
<b>Total</b>	<b>5,393.22</b>	<b>4,420.16</b>	<b>1,151.69</b>	<b>47.40</b>	<b>5,619.26</b>

 The table below provides details of financial assets as at 31<sup>st</sup> March 2018:

₹. in lakhs

Particulars	Carrying amount
Trade receivable	2,161.95
Other financial assets	478.10
	<b>2,640.05</b>

 The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31<sup>st</sup> March 2017.

₹. in lakhs

Particulars	Carrying amount	upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Interest bearing borrowings	3,413.29	2,635.54	1,797.01	-	4,432.55
Non interest bearing	1,686.97	1,686.97	-	-	1,686.97
Other financial liabilities	121.69	73.35	-	48.34	121.69
<b>Total</b>	<b>5,221.95</b>	<b>4,395.86</b>	<b>1,797.01</b>	<b>48.34</b>	<b>6,241.21</b>

 The table below provides details of financial assets as at 31<sup>st</sup> March 2017:

₹. in lakhs

Particulars	Carrying amount
Trade receivable	1,970.99
Other financial assets	2,632.00
	<b>4,602.99</b>

 The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 01<sup>st</sup> April 2016.

₹. in lakhs

Particulars	Carrying amount	upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Interest bearing borrowings	<b>1,793.92</b>	1,793.92	-	-	1,793.92
Non interest bearing	<b>1,556.60</b>	1,556.60	-	-	1,556.60
Other financial liabilities	<b>254.79</b>	228.27	-	26.52	254.79
<b>Total</b>	<b>3,605.31</b>	<b>3,578.79</b>	-	<b>26.52</b>	<b>3,605.31</b>

 The table below provides details of financial assets as at 01<sup>st</sup> April 2016 :

₹. in lakhs

Particulars	Carrying amount
Trade receivable	1,548.88
Other financial assets	2,450.11
	<b>3,998.99</b>

**Note - 37 Events after the reporting period**

No adjusting or significant non-adjusting events have occurred between 31<sup>st</sup> March 2018, the reporting date and the date of authorisation except non-adjusting event of proposal of dividend of Re.0.75 per share on face value of ₹.10 each on the paid up Equity Share Capital of the Company subject to the approval of shareholders at the ensuing Annual General Meeting.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note - 38 Commitments, Contingent Liabilities and Contingent Assets

₹. in lakhs

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
(a) Capital commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	67.84	194.54	225.71
(b) Contingent liabilities Claims against the Company not acknowledged as debt: Excise Duty under appeal	25.41	154.72	154.72
Guarantees: Bank Guarantees	580.86	567.86	561.35

## Note - 39A First time Ind AS adoption reconciliation

a) Reconciliation of equity as at 31<sup>st</sup> March 2017 and 01<sup>st</sup> April 2016 (date of Transition to Ind AS)

₹. in lakhs

Particulars	Notes	As at 31 <sup>st</sup> March 2017	As at 1 <sup>st</sup> April 2016
<b>Total equity (shareholders' funds) under previous GAAP</b>		<b>7,089.94</b>	<b>6,669.44</b>
Effect of measuring derivative at fair value	d	(4.66)	(1.70)
Impact of interest-free deposits paid	g	(0.73)	(0.77)
Impact of deferred revenue arising from interest-free lease rental deposit accepted	g	0.92	-
Impact of actuarial valuation of defined benefit contribution	e	(0.06)	-
Recognition of current taxes and deferred taxes using the balance sheet approach under Ind AS	b	(1.72)	(0.85)
<b>Total equity as per Ind AS</b>		<b>7,083.69</b>	<b>6,666.12</b>

## b) Reconciliation of total comprehensive income for the year ended March 31, 2017

₹. in lakhs

Particulars	Notes	Year ended 31 <sup>st</sup> March 2017
<b>Profit as per previous GAAP</b>		<b>583.80</b>
Adjustments:		
Effect of measuring derivative at fair value	d	(2.96)
Net impact of deferred revenue arising from interest-free lease rental deposit accepted	g	0.92
Transfer of actuarial gain to other comprehensive income	e	(0.18)
Net impact of interest-free lease rental deposit paid	g	0.04
Current /deferred tax adjustments	b	(0.87)
<b>Total effect of transition</b>		<b>(3.05)</b>
Other comprehensive income for the year (net of tax)	e	0.12
<b>Total comprehensive income under Ind AS</b>		<b>580.87</b>

## Note - 39B Notes to reconciliation

Footnotes to the reconciliation

## a) Investment property

Under the previous GAAP, investment properties were presented as part of Property, Plant and Equipment. However under the Ind AS, Investment properties are required to be presented separately on the face of the balance sheet. There is no impact on the total equity or profit as a result of this presentation.

## b) Deferred Taxes

Under the previous GAAP, deferred taxes were to be accounted on timing differences arising between the accounting profit and tax profit. However, such method has been replaced with balance sheet approach in Ind AS, wherein deferred taxes are to be accounted for the differences arising between accounting balance sheet and tax balance sheet. Accordingly deferred taxes has been accounted for such temporary differences.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

## c) Borrowings

Under the previous GAAP, transaction cost incurred in connection with borrowings were amortised upfront and charged to statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to the statement of profit and loss using the effective interest method.

## d) Derivatives

Under the previous GAAP the fair value of forward contracts were not recognised in the books of accounts. However these are fair valued under Ind AS and the gains or losses arising due to fair valuation are recognised in the retained earnings on the date of transition and subsequently in the statement of profit and loss. The impact of MTM valuation on total equity as at March 31, 2017 is a reduction of ₹.4.66 lakhs. The net impact of profit before tax is a reduction of ₹.2.96 lakhs.

## e) Actuarial gains and losses

Under the previous GAAP, actuarial gains and losses were recognised in profit or loss statement. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial gain for the year ended March 31, 2017 were ₹. 0.18 lakhs and the tax effect thereon ₹. 0.06 lakhs. This change does not affect total equity, but there reduction in profit before tax by ₹. 0.18 lakhs.

## f) Other comprehensive income

Under the previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income.

## g) Interest-free rental advances / deposits

Under the previous GAAP, interest-free rental advances paid and deposits received were not required to be fair valued. Under Ind AS, interest-free rental deposit received in respect of the investment property and interest-free rental advance paid for properties taken on lease are required to be fair valued.

**Note - 40 Consolidation of Foreign Subsidiaries**

The Company's foreign subsidiaries, Kothari Petrochemicals Pte Ltd, Singapore and Kothari Petrochemicals HK Ltd, Hong Kong had closed down their operations during the financial year 2016-17. As there was no Holding-Subsidiary relationship at any time during the financial year 2017-18, consolidation of their financial statements is not applicable.

**Note - 41 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 of Directors of  
**Kothari Petrochemicals Limited**

**Arjun B Kothari**  
Managing Director

**C.V. Sankar**  
Director

As per our report of even date attached  
**For P.Chandrasekar,LLP**  
**Chartered Accountants**  
Reg. No. 000580S/S200066

**A.Thanikainathan**  
Company Secretary

**Cyrus Kallapurackal**  
Chief Financial Officer

**S.Sriram**  
Partner  
Membership No.205496

Place : Chennai  
Date : May 25, 2018



## KOTHARI PETROCHEMICALS LIMITED

CIN : L11101TN1989PLC017347

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

Phone No. 044-30225616 / 30225507 / Fax No. 044-28334560

Email: secdept@hckgroup.com / Website: www.kotharipetrochemicals.com

### 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 29<sup>th</sup> Annual general meeting of the company, to be held on Monday the 30<sup>th</sup> day of July, 2018 at 10.00 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.
- d) 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

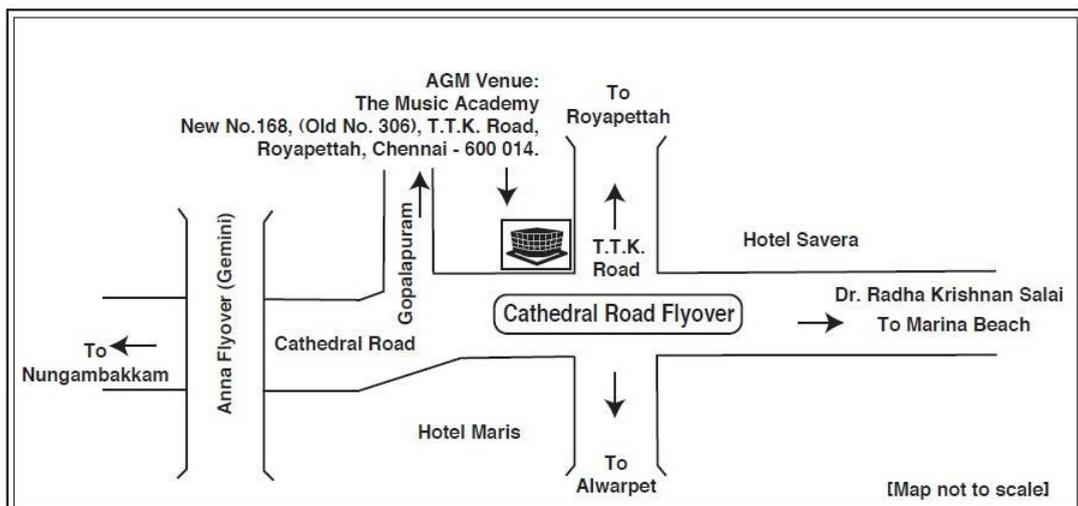
EVS N (Electronic Voting Sequence Number)	USED ID	PASSWORD
180627016	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Thursday, 26 <sup>th</sup> July, 2018 at 9.00 A.M.	Sunday, 29 <sup>th</sup> July, 2018 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 Monday 30<sup>th</sup> July 2018 at 10.00 A.M.





# KOTHARI PETROCHEMICALS LIMITED

CIN : L11101TN1989PLC017347

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

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Email: secdept@hckgroup.com / Website: www.kotharipetrochemicals.com

Form No. MGT 11

## 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 - 600 034.

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 29<sup>th</sup> Annual General Meeting of the company, to be held on Monday the 30<sup>th</sup> day of July, 2018 at 10.00 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
<b>Ordinary Business</b>			
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend for the financial year 2017-18		
3.	Re-appointment of Mr. Arjun B. Kothari who retires by rotation		
<b>Special Business</b>			
4.	Ratification of Remuneration to Cost Auditor		
5.	Appointment of Mr.M.Rajavel, as Whole Time Director of the Company.		
6.	Appointment of Mr. S.Sundarraman as Independent Director		
7.	Re-appointment of Mr.Pranab Kumar Rudra, Independent Director of the Company		

Signed this ..... day of ..... 2018

Signature of shareholder:

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder



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.

If undelivered, please return to:

**KOTHARI PETROCHEMICALS LIMITED**

Regd. Office. "Kothari Buildings"

No. 115, Mahatma Gandhi Salai,

Nungambakkam, Chennai - 600 034.