



# **Kothari Petrochemicals Limited**

## **30<sup>th</sup> Annual Report 2018 - 19**





**Bhadrashyam H Kothari**

11.11.1961 - 22.02.2015



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

**CORPORATE INFORMATION****Board of Directors :**

Nina B. Kothari - Chairperson  
Arjun B. Kothari - Managing Director  
M. Rajavel - Whole Time Director  
Pranab Kumar Rudra - Independent Director  
S.Sundarraman - Independent Director  
V.V.SuryaRau - Independent Director (w.e.f : 20.05.2019)

**Company Secretary :**

A. Thanikainathan

**Chief Financial Officer :**

S. Sivamahesh

**Statutory Auditors :**

P.Chandrasekar LLP  
Chartered Accountants,  
Flat 4A, Fourth Floor, Dixit Griha Apartments,  
10-11, Nyniappan Street, R.A. Puram,  
Chennai - 600 028.

**Internal Auditors :**

R.Subramanian & Co. LLP  
Chartered Accountants  
No. 6, Krishnaswamy Avenue,  
Luz, Mylapore, Chennai - 600 004.

**Cost Auditors :**

P. Raju Iyer, M. Pandurangan & Associates  
No.42, Flat 1B, Sundar Regency, 3<sup>rd</sup> Street,  
Choolaimedu, Chennai - 600 094.

**Secretarial Auditor :**

V.Vasumathy, Company Secretary in Practice  
V.Vasumathy & Associates  
No.10/23, First Floor, Vinayagam Street,  
R.A. Puram, Chennai - 600 028.

**Legal Advisors :**

S. Ramasubramaniam & Associates  
Advocates,  
No.6/1, Bishop Wallers Avenue (West),  
Mylapore, Chennai - 600 004.

**Registered Office :**

"Kothari Buildings" No.115,  
Mahatma Gandhi Salai,  
Nungambakkam, Chennai - 600 034.  
Phone No. 044 - 30225616 / 30225507  
Fax No. 044 -28334560  
e-mail: secdept@hckgroup.com  
Website: www.kotharipetrochemicals.com

**Registrar & Share Transfer Agent :**

Cameo Corporate Services Limited  
Subramanian Building, 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

**Listing :**

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>

**Manufacturing Unit :**

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

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## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>PROFITABILITY ITEMS</b>					
Gross Income	31,005.27	23,572.93	24,654.32	20,129.04	30,220.97
Profit (PBDIT)	2,138.64	1,806.52	1,457.30	1,949.88	2,356.03
<b>Profit / (Loss) After Tax</b>	<b>1,130.49</b>	<b>918.45</b>	<b>580.75</b>	<b>957.60</b>	<b>1,218.57</b>
<b>BALANCE SHEET ITEMS</b>					
Net Fixed Assets	5,380.39	5,454.54	6,899.45	9,525.83	10,024.30
Investments	1,194.60	613.83	-	-	-
Total Capital Employed	6,946.25	7,168.11	8,618.32	9,692.19	9,888.52
<b>Shareholders Funds</b>	<b>6,459.25</b>	<b>6,669.44</b>	<b>7,083.69</b>	<b>7,862.95</b>	<b>8,548.29</b>
<b>RATIOS</b>					
Book Value per share (₹)	10.98	11.33	12.04	13.36	14.53
EPS (₹)	1.92	1.56	0.99	1.63	2.07
Return on Investment	17.50%	13.77%	8.20%	12.18%	14.26%
Dividend %	10%	10%	5%	7.50%	5%

**Note: Financials prepared as per Ind-AS effective from 2016-17.**

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of Kothari Petrochemicals Limited will be held on Tuesday, 6<sup>th</sup> August 2019 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

**Ordinary Business**

1. To consider and adopt the Audited financial statements of the Company for the financial year ended March 31, 2019, the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of Re.0.50/- paise (Rupee Fifty paise only) per equity share of the face value of ₹ 10/- for the financial year 2018-19.
3. To appoint a Director in the place of Mrs.Nina B Kothari, (DIN 00020119) who retires by rotation and being eligible offers herself for re-appointment.

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

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

**“Resolved that** subject to the provisions of Section 148 and other applicable provisions, 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 ₹ 75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and re-imbursement of out of pocket expenses to M/s. P. Rajulyer, 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 2019-2020, be and is hereby ratified and confirmed.”

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

Place : Chennai  
Date : May 20, 2019

**A. Thanikainathan**  
Company Secretary



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

- a) **The Register of Members and Share Transfer books will remain closed from Wednesday, the 31<sup>st</sup> July, 2019 to Tuesday, 6<sup>th</sup> August, 2019 (both days inclusive) on account of the Annual General Meeting and determining the entitlement of the Shareholders to the Dividend for the year 2018-19.**
- 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. 10.30 a.m. on Sunday, 4<sup>th</sup> August, 2019. 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 20<sup>th</sup> May, 2019 recommended a Dividend at the rate of 5% (Re.0.50/- paise) per equity Share of ₹ 10/- each for the financial year 2018 - 2019. The Dividend would be paid by not later than 4<sup>th</sup> September, 2019 to

those shareholders whose names stand on Register of Members as of the close of business hours on Tuesday, 30<sup>th</sup> July 2019, if declared. Dispatch of Dividend warrants / Demand Drafts / ECS credit would be completed by 4<sup>th</sup> September 2019.

- i) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the financial year 2011-12 to 2017-18 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 Companies Act, 2013.

Sl. No.	Nature of Dividend	Financial Year	Date of Declaration of Dividend	Due Date for Transfer to IEPF on
(i)	Final Dividend	2011-12	20.09.2012	25.10.2019
(ii)	Final Dividend	2012-13	05.09.2013	10.10.2020
(iii)	Final Dividend	2013-14	02.09.2014	07.10.2021
(iv)	Final Dividend	2014-15	10.08.2015	15.09.2022
(v)	Interim Dividend	2015-16	19.03.2016	24.04.2023
(vi)	Interim Dividend	2016-17	13.02.2017	21.03.2024
(vii)	Final Dividend	2016-17	07.09.2017	13.10.2024
(viii)	Final Dividend	2017-18	30.07.2018	05.09.2025

- 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 year 2011-12 to 2016-17, as on the date of the 29<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> July, 2018 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) & also in the Company's Website [www.kotharipectrochemicals.com](http://www.kotharipectrochemicals.com) under "Investors Section." For the financial year 2017-18, the information as on 5<sup>th</sup> November 2018 has been uploaded in the Company's website.
- 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

**NOTICE TO THE MEMBERS**

address / name etc., 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 Transmission 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 include, 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. 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. In this connection, the Company has issued three reminders to all shareholders, who have not updated their PAN and Bank account details of first and sole shareholders of the Company. Once again, the members are advised to update your KYC with RTA.
- m) Further, the Company draws your attention to the notification issued by SEBI dated June 08, 2018 and the press release dated 3<sup>rd</sup> December 2018 amending Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the amended provisions, any request for effecting transfer of shares in physical form shall not be processed except in case of transmission or transposition of shares unless the shares are held in demat form. Hence, the Company / Registrar and Share Transfer Agent would not be in a position to accept / process the requests for transfer of shares held in physical form with effect from 01.04.2019. Therefore, the Company advises you to take immediate steps for dematerializing your shareholding in the Company. You may be aware that holding shares in dematerialized form offers host of benefits like enhanced security, ease of handling, faster transfers and eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the shares hassle-free, kindly take steps for dematerializing the shares at the earliest.
- 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 financial statements / 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 on time.**
- 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) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Director seeking re-appointment at the forthcoming Annual General Meeting is appended to this Notice.
- s) Electronic copy of the Notice and Annual Report of the 30<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

**NOTICE TO THE MEMBERS**

of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 30<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.

- t) Members may also note that the Notice of the 30<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website [www.kotharipectrochemicals.com](http://www.kotharipectrochemicals.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 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of SEBI (LODR) Regulations, 2015, the Company shall provide members the facility to exercise their right to vote at the General Meetings by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL).

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

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

Details	For Members holding shares in Demat Form	For Members holding shares in Physical Form
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 on 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:

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

\* Members who have not updated their PAN with the Company/RTA/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. 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. Example, if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose)

# Please enter any one of the details in order to login. 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



## NOTICE TO THE MEMBERS

has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the Demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- x) Click on the relevant EVSN on which you choose to vote.
- xi) On the voting page, you will see Resolution description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv) You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorize to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution/Authorization to the email id of scrutinizer (**alagarcs@gmail.com**) and RTA (**murali@cameoindia.com**) with a copy marked to **helpdesk.evoting@cdslindia.com**.
- xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at

[www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to **helpdesk.evoting@cdslindia.com** or contact Phone No. 022-22723333.

- xviii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play store, iPhone and windows phone users can download the app from the App Store and the Windows Phone Stores respectively.

### 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 Friday, 2<sup>nd</sup> August, 2019 at 9.00 A.M. and ends on Monday, 5<sup>th</sup> August, 2019 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 dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Tuesday, 30<sup>th</sup> July, 2019 may obtain the login ID and password by sending an email to **investor@cameoindia.com** or **secdept@hckgroup.com** or **helpdesk.evoting@cdslindia.com** by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- c) 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 of i.e. Tuesday, 30<sup>th</sup> July, 2019.

**NOTICE TO THE MEMBERS**

- d) Mr. M. Alagar of M/s. M. Alagar & Associates, (M.No.7488 / CP No.8196) Practicing Company Secretaries, Chennai, has been appointed as Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- e) 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.
- f) 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.
- g) Route Map showing directions to reach to the venue of the 30<sup>th</sup> Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standard -2(SS-2) on "General Meeting."

**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 their meetings held on 20<sup>th</sup> May, 2019 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 2019-2020.

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 ₹ 75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to M/s. P.Rajulyer, M.Pandurangan & Associates, Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the financial year

2019-20 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 20<sup>th</sup> May, 2019.

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.

In terms of Regulation 17(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company recommends passing of the Resolution set out in Item No. 4 to the shareholders of the Company.

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

Place : Chennai  
Date : May 20, 2019

**A. Thanikainathan**  
Company Secretary

**NOTICE TO THE MEMBERS****ANNEXURE TO THE NOTICE**

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

Particulars	Item No. 3
<b>Name of the Director</b>	<b>Nina B Kothari</b>
Date of Birth	21.07.1962
Date of First Appointment on the Board	27.05.2014
Qualification	B.A. (Economics)
Experience in specific functional areas	She is holding directorship in H.C. Kothari Group of Companies. She held various positions in prestigious institutions as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM. She was the President of International Womens' Association (IWA).
List of other Public Companies in which Directorship held	a) Kothari Sugars and Chemicals Limited b) Kothari Safe Deposits Limited
Chairman / Member of the Committee of the Board of Director of the Company	<b>Chairperson</b> a) Corporate Social Responsibility Committee b) Stakeholders Relationship Committee <b>Member</b> a) Nomination and Remuneration Committee b) Investments and Credit Approval Committee
Chairman/ Member of the Committee of the other companies in which he/she is a Director	<b>Kothari Sugar and Chemicals Limited</b> <b>Chairperson</b> Corporate Social Responsibility Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2019	62,57,500 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mrs.Nina B. Kothari is the mother of Mr.Arjun B. Kothari, Managing Director of the Company
Number of meetings attended during the year.	Please refer Corporate Governance Section

**BOARD'S REPORT**
**To the Members**

The Directors have pleasure in presenting before you the 30<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**Financial Summary of the Company**

(₹ in Lakhs)

Sl. No.	Particulars	2018 - 2019	2017 - 2018
(i)	Total Revenue	30220.97	19636.45
(ii)	Profit/(Loss) before Interest and Depreciation	2356.03	1949.88
(iii)	Interest	307.05	141.91
(iv)	Depreciation	453.32	360.98
(v)	Profit/(Loss) Before Tax	1595.65	1446.99
(vi)	Tax Adjustments including Deferred Tax	377.09	489.39
(vii)	Profit / (Loss) after Tax	1218.57	957.60
(viii)	Other comprehensive income	(1.16)	(1.27)
(ix)	Total comprehensive income	1217.41	956.33
(x)	Profit brought forward from previous year	1943.87	1164.61
(xi)	Profit available for appropriation	3161.28	2122.21
(xii)	Dividend (Interim & Final)	441.35	147.12
(xiii)	Dividend Distribution Tax	90.72	29.95
(xiv)	Profit / (Loss) after Appropriation	2629.21	1943.88

**Financials Highlights**

The Company's Profit Before Tax for the year ended 31<sup>st</sup> March 2019 has increased to ₹ 1595.65 lakhs as compared to ₹ 1446.99 lakhs in the previous year. The total turnover for the year ended 31<sup>st</sup> March 2019 is ₹ 29901.24 lakhs as against ₹ 19428.28 lakhs in the previous year. The increase in turnover is mainly due to increase in Poly Iso Butylene (PIB) Sales by ₹ 4662 lakhs and LPG Sales by ₹ 5510 lakhs.

**Status of the Plant**

The plant production capacity remains at 24000 TPA of Poly Iso Butylene (PIB). Generally the plant is in good health to produce various grades of Poly Iso Butylene as per market demand.

The company continues to enjoy the benefit of getting the low-cost raw material from the investment made in enriching the Lean PBFS (cracked LPG). The investments made in the Lean PBFS processing unit and Captive Power Plants are giving the desired results.

At present, the Captive Power Plant boiler is being operated with the Pollution Control Board's (PCB's) consent to use 85% husk and 15% coal as fuel. To have the flexibility to switch between 100% husk and 100% coal, based on the availability and cost, your Company has taken steps to get the PCB's consent to operate with 100% coal also.

An Effluent water recycle plant was commissioned during the period under review at a cost of ₹ 400 Lacs to comply the PCB's stringent effluent disposal norms as well to reduce the dependency of water supply from Metro Water Board which is a costlier resource.

The facilities created for purifying the reactor feed works satisfactorily and plant is now being operated without much problem. The solar plant continues to generate power which is consumed by the main plant along with Captive power plants generation.

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

All statutory requirements with regard to Petroleum and Explosives Safety Organisation (PESO), and The Directorate of Industrial Safety and Health (DISH) are being met on time.

All preventive and predictive maintenance are being followed systematically to keep the overall plant healthiness good.

**Performance**

For the Sixth 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.



## BOARD'S REPORT

Your company achieved a production of 19,755 MT (Previous Year - 16,242 MT) which translates to a capacity utilisation of more than 90% (basis of Kvis 10 operation) in terms of 950 Molecular Weight Poly Iso Butylene. This achievement is inspite of the disruptions in the production during October and November 2018 due to Annual Turn Around (ATA) at Chennai Petroleum Corporation Limited and our plant as well.

Efforts are taken to automate some of the plant routine operations like product loading etc., by installing Mass Flow meters.

The efforts taken during last year to develop new applications showing encouraging results and trials are taking place at various customer end.

### Plant automation

Your Company has invested significant amount in "Auto Processing Control" (APC) system and lot of field measuring instruments during the year 2018-19 for better and improved overall plant operation.

### Safety

General Safety Audit has been conducted during previous year. All the recommendations have been implemented and there are no unsafe conditions identified in the Audit.

### Process Safety Management

A Process Safety Management (PSM) is being studied to implement in your Company during the financial year 2019-2020.

### Pollution and Environment compliances

The Central Pollution Control Board has introduced "On line" monitoring and checking for the Air and Effluent parameters. Your company has created all necessary facilities as per Pollution Control Board's direction and submitted the records and confirming the statutory requirements with respect to Pollution norms.

### Research and Development

Various researches are being carried out in the R&D facility to improve the IB conversion percentage in the existing plant to improve the productivity.

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

#### (a) Conservation of Energy

Energy Audit was completed in February 2019 and all suggestion will be reviewed and implemented during 2019-2020.

#### (b) Technology absorption: Nil

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

(₹ in Lakhs)

Sl. No.	Particulars	2018-19	2017-18
(i)	Total Foreign Exchange earned	3704.82	1660.39
(ii)	Total Foreign Exchange outflow	104.66	34.63

### Dividend

The Board of Directors at its meeting held on 20<sup>th</sup> May 2019 recommend a dividend at the rate of 5% i.e., Re.0.50 paise per equity share of ₹ 10/- each for the financial year ended March 31, 2019. If the dividend is approved by the Members at the ensuing Annual General Meeting to be held on 6<sup>th</sup> August, 2019, it will be paid on or before 4<sup>th</sup> September, 2019 to those Members whose names appear in the Company's Register of Members as at the close of business hours on Tuesday, 30<sup>th</sup> July, 2019.

### 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 Equity share capital as on March 31, 2019 was ₹ 5884.64 Lakhs. The company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

### Directors and Key Managerial Personnel

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

Mr. C.V.Sankar (DIN 00703204) has resigned from the Board of Directors of the Company with effect from March 25, 2019 in view of his appointment as Administrative Member in the Central Administrative Tribunal, Bangalore. Your Board of Directors places on record its deep appreciation for the contribution and valuable advice provided by Mr. C.V.Sankar during his tenure as Independent Director of the Company.

Mr. Pranab Kumar Rudra (DIN 00382665) was appointed as Independent Director for the second term of five years commencing from 01.04.2019 to 31.03.2024 by passing a Special Resolution by the Company in the last Annual General Meeting held on 30.07.2018.

Mr. V.V.SuryaRau (DIN 00010274) was appointed as Independent Director with effect from 20<sup>th</sup> May 2019.

**BOARD'S REPORT**

Mr. Cyrus Kallupurackal, Chief Financial Officer of the Company resigned with effect from November 25, 2018 and Mr. S.Sivamahesh was appointed as Chief Financial Officer of the Company with effect from 12<sup>th</sup> February 2019.

Mr. Arjun B.Kothari, Managing Director, Mr. M.Rajavel, Whole Time Director, Mr. S.Sivamahesh, Chief Financial Officer and Mr. A.Thanikainathan, Company Secretary are the Key Managerial Personnel of the Company as per section 203 of the Companies Act, 2013.

**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 and Regulation 16 of the SEBI (LODR) Regulations, 2015 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6).

During the year under review, the Independent Directors met on February 12, 2019 without the presence of Non-Independent Directors and members of the Management

**Composition of Audit Committee**

The details of composition of Audit Committee is provided in Corporate Governance Report of this Annual Report.

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 salient features of 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)

**Particulars of Loans, Guarantees or Investments**

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

**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 also 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)

**Vigil Mechanism**

The Company has a vigil mechanism named Whistle Blower Policy to deal with genuine concerns 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 persons 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 persons 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 designated persons 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.

**BOARD'S REPORT**

- (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.

**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 require 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.

**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, V.Vasumathy and Associates, 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 end of the financial year 2018-19.

**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 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 Auditor attend the Audit Committee meetings.

The Internal Auditors monitor and evaluate 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 undertakes corrective action in their respective areas and thereby strengthens the controls.

**Risk Management**

Pursuant to the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has 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)

**BOARD'S REPORT**

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.

**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 review the performance of the Chairperson of the Company and also reviewed the access, the quality, quantity and timeliness of flow of information between the company management and the Board 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>2018 - 2019</b>	<b>2017 - 2018</b>
Due Date	27.09.2019	27.09.2018
Actual Date	30.08.2019 (Target date)	24.08.2018
Cost Auditor Details	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai.	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai.
Audit Qualification in Report	-	-

**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 2019-20 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. All applicable Secretarial Standards have been complied.

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 Rule 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**

- 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 and Mr.M.Rajavel, Whole Time Director of the Company, no director was in receipt of remuneration except sitting fees.



**BOARD'S REPORT**

Sl. No.	Name	Designation	Ratio
(i)	Mr.Arjun. B.Kothari	Managing Director	8.11:1
(ii)	Mr.M.Rajavel	Whole Time Director	9.82:1

- 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. M.Rajavel	Whole Time Director	12%
(iii)	Mr. Cyrus Kallapurackal*	Chief Financial Officer	12%
(iv)	Mr. A.Thanikainathan	Company Secretary	12%

\*Mr.Cyrus Kallapurackal has resigned with effect from November 25, 2018.

- c) 6.89% decrease was reported in the median remuneration of employees in the financial year 2018-19.
- d) The number of permanent employees on the rolls of company as on 31<sup>st</sup> Mar 2019: 122.
- 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 8% to 60% 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 20, 2019

**Nina B. Kothari**  
Chairperson

**Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019**

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	No. 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	79.23	Permanent	08-04-2015	27	5	General Electric Company, USA	100 Equity Shares	Mr.Arjun B. Kothari is the son of Mrs. Nina B. Kothari, Chairperson of the Company
2	Rajavel .M	Whole Time Director	B.Sc., PG MM	58.49	Permanent	04-05-1997	56	33	Chemplast	-	NO
3	Ramakumar .N	GM-Finance & Accounts	FCA	29.34	Permanent	01-06-2010	54	32	Kothari Sugars and Chemicals Limited	-	NO
4	Sivamahesh.S(*)	Chief Financial Officer	M.Com., ACA	3.95	Permanent	30-01-2019	35	10	Stanadyne India Pvt Ltd	-	NO
5	P. Premapiriyani(**)	General Manager - Operation	B.E. Chemical	8.37	Permanent	01-11-2018	39	19	Oren Hydrocarbons Pvt Ltd	-	NO
6	Thanikainathan.A	Company Secretary	ACS	20.73	Permanent	29-08-2016	38	12	KMC Speciality Hospitals (India) Ltd	-	NO
7	R.Saravanan	Sr. Manager Business Devp.	B Tech Chemical, PGDM-MKRT	19.00	Permanent	08-03-2018	39	18	Wolkem India Ltd	-	NO
8	Sreekanteswaran .K	President - Legal & Taxation	B.Com.	18.49	Permanent	16-06-2011	57	8	-	-	NO
9	S.V. Ramesh	Sr.Manager Supply Mgnt	DME	18.07	Permanent	08-10-2011	49	25	Bonfiglioli Transmissions P.Ltd.	-	NO
10	Venkata Subramanian (***)	Senior Manager - MKT	BE., Chemical, PGD-PE	5.02	Permanent	28-11-2018	40	15	Taoka Chemicals India Pvt Ltd	-	NO
11	G.Tamilmani	Head - Engineering	B.E. Mechanical	16.74	Permanent	27-07-2006	49	27	Design Tech . Systems	-	NO

**Notes :**

- (\*) Mr. Sivamahesh.S was appointed as Chief Financial Officer with effect from February 12, 2019.
- (\*\*) Mr. P. Premapiriyani was appointed as General Manager - Operations with effect from November 01, 2018.
- (\*\*\*) Mr. Venkatasubramanian was appointed as Senior Manager - Marketing with effect from November 28, 2018.
- Remuneration shown above includes salary, bonus, 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.

**BOARD'S REPORT**

**Form No. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
 as on the financial year ended on 31<sup>st</sup> March 2019

[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. Phone No. 044-30225507 Fax No. 044-28334560 Email: secdept@hckgroup.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 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	68.67%
2	C4 Raffinate (LPG)	19201	28.19%

**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 Indian</b>									
(a)	Individual / Hindu Undivided Family	2,97,500	-	2,97,500	0.51	62,57,700	-	62,57,700	10.63	10.12
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,14,64,812	-	4,14,64,812	70.46	3,55,04,812	-	3,55,04,812	60.34	(10.12)
(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>4,17,62,512</b>	<b>-</b>	<b>4,17,62,512</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>4,17,62,512</b>	<b>-</b>	<b>4,17,62,512</b>	<b>70.97</b>	<b>-</b>



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. 1</b>	<b>Public shareholding Institutions</b>									
(a)	Mutual Funds/ UTI	-	51,500	51,500	0.09	-	49,400	49,400	0.08	(0.01)
(b)	Financial Institutions / Banks	500	-	500	0.00	2,000	-	2,000	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) Category II	3,02,126	-	3,02,126	0.51	-	-	-	-	(0.51)
	<b>Sub-Total (B)(1)</b>	<b>17,59,557</b>	<b>92,000</b>	<b>18,51,557</b>	<b>3.15</b>	<b>14,58,931</b>	<b>89,900</b>	<b>15,48,831</b>	<b>2.63</b>	<b>(0.52)</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	48,53,914	1,07,600	49,61,514	8.43	54,37,368	93,400	55,30,768	9.40	0.97
(b)	Individuals -									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	53,09,939	19,61,789	72,71,728	12.36	49,41,226	13,63,735	63,04,961	10.71	(1.65)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	18,87,641	59,400	19,47,041	3.31	22,59,934	39,400	22,99,334	3.91	0.60
(c)	Any Other									
(i)	Directors & Relatives	100	100	200	0.00	4,200	-	4,200	0.00	-
(ii)	Non-Resident Indians (NRI's)	3,22,304	7,600	3,29,904	0.56	3,25,082	7,000	3,32,082	0.56	-
(iii)	Clearing Members	3,08,589	-	3,08,589	0.52	10,912	-	10,912	0.02	(0.50)
(iv)	Hindu Undivided Families	4,13,554	1	4,13,555	0.70	4,99,050	1	4,99,051	0.85	0.15
(v)	IEPF	-	-	-	-	5,52,749	-	5,52,749	0.94	0.94
(vi)	Trust	-	-	-	-	1,000	-	1,000	0.00	-
	<b>Sub-Total (B) (2)</b>	<b>1,30,96,041</b>	<b>21,36,490</b>	<b>1,52,32,531</b>	<b>25.88</b>	<b>1,40,31,521</b>	<b>15,03,536</b>	<b>1,55,35,057</b>	<b>26.39</b>	<b>0.52</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,48,55,598</b>	<b>22,28,490</b>	<b>1,70,84,088</b>	<b>29.03</b>	<b>1,54,90,452</b>	<b>15,93,436</b>	<b>1,70,83,888</b>	<b>29.03</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>5,66,17,910</b>	<b>22,28,490</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>5,72,52,964</b>	<b>15,93,436</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>5,66,17,910</b>	<b>22,28,490</b>	<b>5,88,46,400</b>	<b>100.00</b>	<b>5,72,52,864</b>	<b>15,93,536</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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Nina Bhadrashyam Kothari	2,97,500	-	2,97,500	0.51	62,57,500	-	62,57,500	10.63	10.12
(ii)	Kothari Sugars and Chemicals Ltd.	1,20,19,000	-	1,20,19,000	20.42	60,59,000	-	60,59,000	10.30	(10.12)
(iii)	BHK Trading LLP	2,94,45,812	-	2,94,45,812	50.04	2,94,45,812	-	2,94,45,812	50.04	-
(iv)	Arjun B.Kothari	-	-	-	-	100	-	100	0.00	-
(v)	Nayantara B.Kothari	-	-	-	-	100	-	100	0.00	-
<b>Total</b>		<b>4,17,62,312</b>	<b>-</b>	<b>4,17,62,312</b>	<b>70.97</b>	<b>4,17,62,512</b>	<b>-</b>	<b>4,17,62,512</b>	<b>70.97</b>	<b>-</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
<b>Arjun B.Kothari</b>				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc.,)	100 Equity Shares Purchased from open market on 24.12.2018	0.00	100	0.00
At the end of the year	-	0.00	100	0.00
<b>Nina B.Kothari</b>				
At the beginning of the year	2,97,500	0.51	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	59,60,000 Equity Shares purchased from market through inter se transfer on 11.01.2019	10.12	62,57,500	10.63
At the end of the year	-	-	62,57,500	10.63
<b>Nayantara B.Kothari</b>				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	100 Equity Shares Purchased from open market on 24.12.2018	0.00	100	0.00
At the end of the year	-	-	100	0.00
<b>Kothari Sugars and Chemicals Limited</b>				
At the beginning of the year	1,20,19,000	20.42	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	59,60,000 Equity Shares sold through market by inter se transfer on 11.01.2019	10.12	60,59,000	10.29
At the end of the year	-	-	60,59,000	10.29

**BOARD'S 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	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	-	-	5,52,749	0.94
3	Media Matrix Enterprises Private Limited	5,50,000	0.93	5,50,000	0.93
4	Infotel Ecommerce Private Limited	5,45,000	0.93	5,45,000	0.93
5	Infotel Telecom Infrastructure Private Limited	5,40,000	0.92	5,40,000	0.92
6	Arizona Global Services Private Limited	5,26,923	0.90	5,27,000	0.90
7	Indsec Sec. & Fin. Ltd.	5,25,000	0.89	5,25,000	0.89
8	Infotel Business Solutions Limited	5,20,000	0.88	5,20,000	0.88
9	Nextwave Televentures Private Limited	5,15,000	0.88	5,15,000	0.88
10	Eminent Networks Private Limited	2,45,000	0.42	5,00,000	0.85

**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	62,57,500	10.63
2	Mr.Arjun B Kothari - Managing Director	-	-	100	0.00
3	Mr.M.Rajavel - Whole Time Director (*)	-	-	-	-
4	Mr.Pranab Kumar Rudra	-	-	-	-
5	Mr.C.V.Sankar (*)	-	-	-	-
6	Mr.S.Sundarraman	-	-	4,000	0.00
For Each of the KMP					
(i)	Mr.A.Thanikainathan - Company Secretary and Compliance Officer	-	-	-	-
(ii)	Mr.S.Sivamahesh - Chief Financial Officer (*)	-	-	-	-
(iii)	Mr. Cyrus Kallupurackal - Chief Financial Officer (*)	-	-	-	-

(\*) Mr.M.Rajavel was appointed as Whole Time Director with effect from 01<sup>st</sup> August, 2018. Mr.C.V.Sankar Independent Director resigned from the office of the Director with effect from March 25, 2019. Mr.S.Sivamahesh appointed as Chief Financial Officer on 12<sup>th</sup> February 2019. Mr.Cyrus Kallupurackal resigned w.e.f. 25<sup>th</sup> November 2018 from the position of Chief Financial Officer.



**BOARD'S REPORT****V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment. (₹ in Lakhs)

Description	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning 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>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	-	-	-	-
Reduction	(611.05)	-	-	(611.05)
Net Change	(611.05)	-	-	(611.05)
<b>Indebtedness at the end of the Financial year</b>				
i) Principal Amount	2,746.74	-	-	2,746.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.24	-	-	8.24
<b>Total (i+ii+iii)</b>	<b>2,754.98</b>	<b>-</b>	<b>-</b>	<b>2,754.98</b>

**VI. 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	Mr.M.Rajavel Whole Time Director (*)
1	Gross Salary		
	(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	49.69	39.50
	(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.	29.54	-
<b>Total (A)</b>		<b>79.23</b>	<b>39.50</b>

(\*) Mr.M.Rajavel was appointed as Whole Time Director with effect from 01<sup>st</sup> August, 2018.**(B) Remuneration to Other Directors****1. Independent Directors**

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of the Directors			
		Mr. Pranab Kumar Rudra	Mr. C.V.Sankar(*)	Mr. S.Sundarraman	Total
1	Sitting fee for attending Board / Committees Meetings	1,10,000	1,30,000	2,00,000	4,40,000
2	Commission / Others, please specify	-	-	-	-
<b>Total (B) (1)</b>					<b>4,40,000</b>

(\*) Mr.C.V.Sankar, Independent Director resigned from the office of Director with effect from March 25, 2019.

**BOARD'S REPORT**
**2. Other Non Executive Directors**

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of the Director	
		Mrs.Nina B. Kothari	Total
1	Sitting fee for attending Board and Committee Meetings	1,40,000	1,40,000
2	Commission / Others, please specify	-	-
		<b>Total (B)(2)</b>	<b>1,40,000</b>
		<b>Total (B) = (B)(1)+(B)(2)</b>	<b>5,80,000</b>

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel (KMP)			
		Mr. A.Thanikainathan Company Secretary & Compliance Officer	Mr.S.Sivamahesh Chief Financial 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	20.73	3.95	10.40	35.08
	(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>20.73</b>	<b>3.95</b>	<b>10.40</b>	<b>35.08</b>

 (\*) Mr.S.Sivamahesh appointed as Chief Financial Officer on 12<sup>th</sup> February 2019.

 (\*\*) Mr.Cyrus Kallupurackal resigned w.e.f. 25<sup>th</sup> November 2018 from the position of Chief Financial Officer.

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

There were no Penalties / Punishment / Compounding of Offences for the Year ended March 31, 2019.

**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.kotharipectrochemicals.com/sites/default/files/kpl-csr-policy-20052019.pdf>

For purposes of focusing its CSR efforts in a continued and effective manner, the following Eight Thrust Areas have been identified:

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

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

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

**BOARD'S REPORT**

Sl. No.	Name of the 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)
(iv)	Mr.S.Sundarraman (**)	Member (Independent)

(\*) Mr.C.V.Sankar, Independent Director, Member of Corporate Social Responsibility Committee resigned from the office of directorship with effect from March 25, 2019.

(\*\*) Mr.S.Sundarraman Independent Director was appointed as Member of Corporate Social Responsibility Committee with effect from May 20, 2019.

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

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2017 - 2018	1,446.99
(ii)	2016 - 2017	997.35
(ii)	2015 - 2016	1,425.60
<b>Total</b>		<b>3,869.94</b>
<b>Average Annual Net Profit</b>		<b>1,289.98</b>

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

2% of Average Net Profit comes around ₹ 25.80 Lakhs

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

- (a) Total amount to be spent for the financial year : ₹ 25.80 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

**Date :** May 20, 2019

**Nina B. Kothari**

Chairperson CSR Committee

**Arjun B. Kothari**

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 construction of additional class rooms in the HCK Balavihar school located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education / Literacy Enhancement	Location is Kattur Village, Lalgudi Taluk, Trichy District, Tamil Nadu	₹ 25.80 Lakhs	Direct Expenditure of ₹ 25.80 Lakhs	₹ 25.80 Lakhs spent during the financial year 2018-19.	An amount of ₹ 25.80 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.

**BOARD'S REPORT**

Annexure - II

**FORM NO. MR-3  
 SECRETARIAL AUDIT REPORT**
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**
**[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, 2019, 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, 2019 according to the provisions of:
  - (i) 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, 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; and
    - (d) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
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 the amendments w.r.t. the same.
  - (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:

**BOARD'S 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 did not have any events which had a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc referred to above.

for **M/s. V.Vasumathy & Associates****V. Vasumathy**

Place : Chennai

Practising Company Secretary

Date : May 9, 2019

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.

for **M/s. V.Vasumathy & Associates****V. Vasumathy**

Place : Chennai

Practising Company Secretary

Date : May 9, 2019

FCS No.: 5424 / COP No.: 9451



## Management Discussion and Analysis

### Industry Structure & Development :

A new 50 KTA High Reactive PIB plant was commissioned last year in Malaysia on a Joint Venture (JV) basis. Another bigger capacity plant is also under consideration to be built in Middle East region under JV. These additional facilities will make the availability of HR & Conventional PIB more in the Asian region. Another big lubricant player in the western region has entered into an arrangement with a PIB manufacturer to make HR-PIB in their facility as a JV.

Demand for conventional Poly Iso Butylene (PIB) in domestic market is in the range of 23 TPA level as against the total installed capacity of 36 KTA. However the total production of conventional PIB during 2018- 2019 in India was only 19.75 KTA.

### Outlook :

Kothari Petrochemicals Limited (KPL) remains active PIB manufacturer in India during the year 2018 - 2019, and meets 72% of the domestic demand of conventional PIB.

KPL has won the HPCL's global Tender contract for supply of 950 & 2400 Molecular Weight (MW) PIB in the stiff resistance from Global and Domestic players.

Efforts are being taken to identify other usages of conventional PIB other than Lubricant segment which in the long run is a diminishing market.

Arrangements were made to get additional raw material during 2018-19 for un interrupted production and for future requirement.

### Opportunities :

Efforts were taken to tie up raw material supplies from other sources at a competitive term to maintain the production at higher level.

In house expertise were used to improve the productivity by varying operational parameters.

Feed preparation section was further strengthened to ensure desired quality of the feed is made available for the process to avoid generating off spec products.

Efforts were taken to recycle the plant effluent water which reduces the dependency of water supplies from Metro Water Board.

Proper and well-planned Preventive & Predictive Maintenance is in place to avoid any major break down of the plant and any down time on account of maintenance of the plant.

### Risks, Concerns & Threats :

The consistency in supplying the raw materials from the nearby refinery still continues to be a concern for the industry because of their operational conditions for various product mix of Refinery.

The conventional PIB is likely to be phased out 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.

Restrictions in selling the remnant stream (other than CPCL) in the open market as per the control order issued by Ministry of Petroleum and Natural Gases is still a threat to the company.

Import of PIB at competitive terms from multiple sources continues to be a threat for KPL's Business.

The volatility in Indian Currency against USD remains a concern for KPL as it has impact in the raw material price.

Prices of Paddy husk which is the main fuel for the Captive Power plant is steadily increasing due to short supply because of severe drought last year.

Water supply from Metro water board is not very consistent and the charges being revised upward by 10% is a big concern for the company owing to 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 may resulting in flooding the plant during heavy rains.

### Internal Control Systems and their adequacy :

The Company has established system of internal control across all 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 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.

**Management Discussion and Analysis**

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 2019 was 122 in respect of petrochemical operations.

**Operational Performance :**

	Year ended 31.03.2019
Number of days operated:	
Plant 1	319 days
Plant 2	338 days
Total Production in Metric Tons	19,755MT
Plant Capacity utilization (basis: Kvis 10 operation)	90%
Accident free operation	365 days

**Financial Performance :**

The Company has reported total operating income of ₹ 29,982.05 lakhs for the year ended 31.03.2019 as compared to ₹ 19,465.47 lakhs for the year ended 31.03.2018. The Company's profit after tax (PAT) for the financial year 2018-19 is ₹ 1218.57 lakhs as against ₹ 957.60 lakhs in 2017-18.

**Key Ratios**

Description	U/M	2018-19	2017-18	Remarks
Debtors Turnover	Days	34	43	Improved collection on credit customer of PIB sales.
Inventory Turnover	Days	18	33	Higher sales and lower raw material stock.
Interest coverage Ratio	Times	6.19	11.19	Lower due to Term loan interest.
Debt Equity Ratio		0.47:1	0.57:1	Repayment of Long term Loans and improved profitability.
Operating Profit Margin	%	5.32	7.43	Higher volume of production and improved fixed overheads recovery. However, lower % due to increase in RLPG Sales.
Net Profit Margin %	%	4.06	4.92	Higher volume of production and improved fixed overheads recovery. However, lower % due to increase in RLPG Sales.
Return on Network	%	14.31	12.23	Improved profitability.

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

Place : Chennai  
Date : May 20, 2019

**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 overall responsibilities and to provide the management, the strategic direction it needs.

**Board of Directors**

The Board consists of Six Directors as on the date of this Report. Mr.C.V.Sankar, Independent Director resigned from the Board of Directors of the Company with effect from 25<sup>th</sup> March 2019 in view of his appointment as Administrative Member in the Central Administrative Tribunal, Bangalore. Mr.V.V.SuryaRau was appointed as Independent Director with effect from 20<sup>th</sup> May 2019. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

is the son of Mrs. Nina B Kothari, Chairperson of the Company.

The Board of Directors met four times during the year on 25<sup>th</sup> May 2018, 30<sup>th</sup> July 2018, 12<sup>th</sup> November 2018 and 12<sup>th</sup> February 2019.

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.

Name of Other Listed Companies in which Director of the Company is Director and their category:

Sl. No.	Name of the Director	Name of Other Listed Company	Category of Directorship
1	Mrs.Nina B.Kothari	Kothari Sugars and Chemicals Limited	Non-Executive Director
2	Mr.Arjun B. Kothari	Kothari Sugars and Chemicals Limited	Managing Director

**Familiarisation programme for Independent Directors**

A Familiarisation programme for Independent Directors of the Company was being conducted on completion of Board

**Composition of the Board and Directorship held as on 31<sup>st</sup> March 2019:**

Name of the Director	Director Category	No. of Board Meetings Attended	Attendance at previous AGM held on July 30, 2018	Number of Directorships in other companies	No. of Committee Memberships in other companies		No. of shares held by the Director
					Chairman	Member	
Mrs.Nina B.Kothari	Promoter & Non- Executive	4	Yes	14	-	-	62,57,500
Mr.Arjun B. Kothari	Promoter & Executive	4	Yes	14	1	1	100
Mr.M.Rajavel(*)	Executive	2	N.A	-	-	-	Nil
Mr.Pranab Kumar Rudra	Independent	2	No	02	1	-	Nil
Mr.C.V.Sankar(**)	Independent	3	Yes	03	1	-	Nil
Mr.S.Sundarraman	Independent	4	Yes	-	-	-	4,000

\*Mr.M.Rajavel was appointed as Whole Time Director w.e.f August 01, 2018.

\*\*Mr.C.V.Sankar resigned from the Directorship on 25<sup>th</sup> March 2019.

**Notes:**

- Other directorship also includes 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

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

**List of core skills, expertise and competencies identified by the Board:**

The Board of Directors have identified the following core skills, expertise and competencies in the context of the Company's business and sector for it to function effectively which are given below:

## CORPORATE GOVERNANCE

The Board of Directors shall possess hands on expertise on technical, academic skills, general management, global business, technology, manufacturing/operations, risk management etc. The Board of Directors shall understand company's structure, policies, and culture including the mission, vision, values, goals, current strategic plan and governance structure and also in which the Company operates including the industrial trends, challenges and opportunities, unique dynamics within the sector that are relevant to the success of the Company.

The Directors shall have ability to understand and analyze financial reports / key financial statements to review and analyze budgets, annual operating plans considering Company's resources, strategic goals, and priorities, analyze various reports, create and incorporate multiple view points with different perspectives. Ability to identify key risks to the organisation in a wide range of areas including Production, Marketing, legal and regulatory compliance management and systems.

Considering the skills, expertise and competencies required for effective functioning and discharge of Board's duties, your Board is satisfied with the present composition of the Board of Directors. In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and are independent of the management.

### 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

The Audit Committee comprises of the following Independent Directors and attendance of each Director for the year ended 31<sup>st</sup> March 2019 is as follows:

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr. Pranab Kumar Rudra	Chairman	04	02
(ii)	Mr. C. V. Sankar (*)	Member	04	03
(iii)	Mr. S. Sundarraman	Member	04	04

\*Mr. C. V. Sankar resigned from the Directorship on 25<sup>th</sup> March 2019.

Due to ill health, Mr. Pranab Kumar Rudra, the Chairman of the Audit Committee could not attend the previous Annual General Meeting of the company held on July 30, 2018. The Audit Committee met four times during the year on May 25, 2018, July 30, 2018, November 12, 2018, & February 12, 2019.

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.

All the members of Audit Committee are financially literate and have relevant finance / accounting exposure. The Managing Director, Whole Time Director and Chief Financial Officer 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. The Company Secretary is the secretary to the Committee. Due to the poor health of Mr. Pranab Kumar Rudra, the Chairman of the Nomination and Remuneration Committee could not attend at the previous Annual General Meeting of the company held on July 30, 2018. The attendance of each Director in the Nomination and Remuneration Committee meeting held during the year ended 31<sup>st</sup> March 2019 is as follows:

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr. Pranab Kumar Rudra	Chairman	03	02
(ii)	Mrs. Nina B. Kothari	Member	03	03
(iii)	Mr. S. Sundarraman	Member	03	03

The Committee met three times during the year on May 25, 2018, October 30, 2018 and February 12, 2019.

### 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.



**CORPORATE GOVERNANCE**
**Criteria of selection of Non Executive Directors**

- a) 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.
- b) The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - (i) Qualification, expertise and experience of the Directors in their respective fields;
  - (ii) Personal, Professional or business standing;
  - (iii) Diversity of the Board.
- c) 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.

**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; Remuneration details of Managing Director and Whole Time Director are disclosed in detail elsewhere in the Board's Report.

Currently, the Non-executive directors of the company are not being paid any commission. The details of the transactions and pecuniary relationship with the non-executive directors vis-à-vis the Company are disclosed elsewhere in the Annual Report.

**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 the performance of the Board, individual Directors 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)

**Details of Sitting Fees paid during the financial year 2018 - 2019**

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					Total
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Director Meeting	
Mrs.Nina B. Kothari	1,00,000	N.A	10,000	30,000	N.A	1,40,000
Mr.Pranab Kumar Rudra	50,000	30,000	N.A	20,000	10,000	1,10,000
Mr.C.V.Sankar (*)	75,000	45,000	10,000	N.A	-	1,30,000
Mr.S.Sundarraman	1,00,000	60,000	N.A	30,000	10,000	2,00,000
<b>Total</b>	<b>3,25,000</b>	<b>1,35,000</b>	<b>20,000</b>	<b>80,000</b>	<b>20,000</b>	<b>5,80,000</b>

(\*) Mr.C.V.Sankar resigned w.e.f 25<sup>th</sup> March 2019.

The other transactions with non-executive director's vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2019 are disclosed elsewhere in the annual report.

The Committee met 06 times during the year 2018-19. No sitting fee is paid for attending the meeting of the Committee.

The attendance of each Director in the Stakeholders' Relationship Committee meeting held during the year ended 31<sup>st</sup> March 2019 is as follows:

**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.

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mrs.Nina B.Kothari	Chairperson	07	07
(ii)	Mr.Arjun B.Kothari	Member	07	07
(iii)	Mr.S.Sundarraman	Member	07	06



## CORPORATE GOVERNANCE

The Chairperson of the Stakeholders' Relationship Committee was present at the previous Annual General Meeting of the company held on July 30, 2018.

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 2018 - 2019

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	04	04	-
<b>TOTAL</b>		<b>04</b>	<b>04</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.

### General Body Meetings:

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

Year / Date / Day / Time	Venue
2017-2018 July 30, 2018, Monday, 10.00 A.M	The Music Academy, Mini Hall, Old No. 306, New No. 168, T.T.K. Road, Chennai - 600 014.
2016-2017 September 07, 2017, Thursday, 10.30 A.M	
2015-2016 August 04, 2016, Thursday, 10.30 A.M	

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

Date of AGM	Whether any Special Resolution was passed	Particulars
Jul 30, 2018	Yes	(i) Appointment of Mr. M.Rajavel as Whole Time Director of the Company. (ii) Re-appointment of Mr.Pranab Kumar Rudra, Independent Director of the Company
Sep 07, 2017	No	-
Aug 04, 2016	No	-

No Special Resolution was passed by the shareholders of the Company through Postal Ballot during the year 2018 - 2019. However, during the current year Mr.V.V.SuryaRau was appointed as an Independent Director by a Special Resolution passed through Postal Ballot in May 2019.

### 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.

**CORPORATE GOVERNANCE**

b) The company's website address is: www.kotharipetrochemicals.com. The website contains basic information about the company and such other details as required under Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updations of its website. The company has designated email-id kplcs@hckgroup.com and 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, report on Corporate Governance, all material events, 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.

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

<b>Day, Date and Time</b>	August 06, 2019, Tuesday, 10.30 A.M.
<b>Venue</b>	The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.

f) **Details of the outstanding ADRs / GDRs / Warrants or Convertible Instruments:** Nil

**g) Stock Market Data**

(Amount in ₹)

Month	High	Low	Volume of shares traded	Month	High	Low	Volume of shares traded
Apr 2018	32.70	22.50	2331351	Oct 2018	22.25	18.65	242104
May 2018	33.60	25.00	2335855	Nov 2018	23.50	20.00	282933
Jun 2018	27.35	21.20	557271	Dec 2018	22.50	19.35	198457
Jul 2018	28.25	21.50	1774163	Jan 2019	23.65	19.60	267568
Aug 2018	25.95	23.30	362209	Feb 2019	21.25	16.25	218690
Sep 2018	24.35	20.60	340260	Mar 2019	20.70	17.10	166271

**h) Distribution of Shareholding as on 31<sup>st</sup> March 2019**

(Amount in ₹)

No. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5000	4,551	1,76,53,290
5001-10000	1,574	1,40,35,070
10001-20000	612	1,02,04,360
20001-30000	240	62,65,610
30001-40000	110	40,12,210
40001-50000	106	51,19,110
50001-100000	148	1,10,55,830
100001 and above	142	51,86,69,860
<b>Total</b>	<b>11,310</b>	<b>58,84,64,000</b>

**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, 2019	First fortnight of August, 2019
Results for Quarter ending 30 <sup>th</sup> September, 2019	First fortnight of November, 2019
Results for Quarter ending 31 <sup>st</sup> December, 2019	First fortnight of February, 2020
Results for Quarter ending 31 <sup>st</sup> March, 2020	Last Week of May, 2020

**c) Date of Book Closure**

The period of Book Closure is fixed from Wednesday, 31<sup>st</sup> July 2019 to Tuesday, 06<sup>th</sup> August 2019 (both days inclusive).

**d) Dividend Payment**

The Board of Directors of the Company at their meeting held on 20<sup>th</sup> May 2019, recommended a dividend at the rate of 5% i.e., Re.0.50/- paise (Rupee Fifty paise only) per equity share of ₹ 10/- each for the Financial Year 2018 - 19 to the shareholders of the Company.

**e) Listing of Shares**

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2019 - 20 has been paid. (Stock Code: KOTHARIPET), ISIN: INE720A01015.

**CORPORATE GOVERNANCE****i) 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 2019, the aggregate of shares held by investors in both physical form and in electronic form with the depositories are reconciled. 5,72,52,964 equity shares representing 97.29% of the paid up equity capital have been dematerialized as on 31<sup>st</sup> March 2019.

**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 are the Registrars for the Demat segment and also the Share Transfer Agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment are handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

**k) Foreign Exchange Risk and hedging activities**

The Company follows the practice of taking forward cover for all the Exports so as to minimize the negative impact of fluctuation in Foreign Exchange rates and also have a robust mechanism to monitor the movements in Foreign Exchange rates and covering the exports when the rates are favourable.

**l) 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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**m) Address for Correspondence**

<b>Company's Registered Office</b>
The Company Secretary <b>Kothari Petrochemicals Limited</b> 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
<b>Company Share Transfer Agent</b>
M/s.Cameo Corporate Services Limited <b>Unit: Kothari Petrochemicals Limited</b> Subramanian Building, 5 <sup>th</sup> 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

**n) Credit Rating and revision thereto**

ICRA Limited a credit rating agency has rated the following facilities which are availed from Bank as detailed below.

Sl. No.	Facility	Amount (Rs. in Crores)	Rating
(i)	Long Term rating for ODCC / Term Loan	40.00	[ICRA] A - (stable) [pronounced as ICRA A minus]
(ii)	Short Term rating for Bank Guarantee	15.00	[ICRA] A2 + [pronounced as ICRA A two plus]

**OTHER 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 arm's length pricing basis.

There was no materially significant related party transaction having potential conflict with the interests of the Company during the year. 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.

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 <http://www.kotharipetrochemicals.com>.

**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).

**CORPORATE GOVERNANCE**
**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.

**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.

**Statutory Auditor Fee Particulars**

The Members at the 28<sup>th</sup> Annual General Meeting held on 07<sup>th</sup> September 2017 have appointed M/s. P.Chandrasekar LLP, Chartered Accountants as the Statutory Auditor of the Company and to hold office till the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company.

The Audit Committee approved the fee for other services rendered by the Statutory Auditors other than the Statutory Audit. The total fee paid for the year 2018-19 to M/s.P.Chandrasekar LLP, Chartered Accountants is given below:

SI No.	Description of the Service	Fees (Amount in Rs.)
(i)	Statutory Audit	3,00,000
(ii)	Limited Review Report	1,50,000
(iii)	Other Certification	62,000

**Certificate from Practising Company Secretary confirming Director are not debarred / Disqualified**

A certificate from a Company Secretary in Practice has been obtained confirming that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

**Disclosure in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- (a) Number of complaints filed during the financial year : Nil
- (b) Number of complaints disposed of during the financial year : Nil
- (c) Number of complaints pending as on end of the financial year : Nil

**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 2018-2019.

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

Place : Chennai  
Date : May 20, 2019

**Nina B. Kothari**  
Chairperson

**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, 2019.

for **Kothari Petrochemicals Limited**

Place : Chennai  
Date : May 20, 2019

**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 S.Sivamahesh, 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, 2019 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 20, 2019

**Arjun B. Kothari**  
 Managing Director

**S.Sivamahesh**  
 Chief Financial Officer

**CERTIFICATE UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS  
 AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the **Members of Kothari Petrochemicals Limited**

In my opinion and to the best of my information and based on the disclosures / declarations received from Directors appointed on the Board of Kothari Petrochemicals Limited ("Company") and information available on the web portal of Ministry of Corporate Affairs as on March 31, 2019, I hereby certify that as on the said date, none of the Directors on the Board of Company have been debarred or disqualified from being appointed or continuing as director of the Company by Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority.

for **M/s. V.Vasumathy & Associates**  
**V.Vasumathy**

Place : Chennai  
 Date : May 09, 2019

Practising Company Secretary  
 FCS No. 5424 / COP No. 9451

**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, 2019 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**

Place : Chennai  
 Date : May 09, 2019

Practising Company Secretary  
 FCS No. 5424 / COP No. 9451



**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

To the **Members of Kothari Petrochemicals Limited**  
**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Kothari Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, the Profit (including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Response to Key Audit Matter
1	<b>Quantity of raw materials</b> Significant portion of the material procurement is through pipelines and tankers which are accounted on weight-basis. There are cases of materials being extracted and the balance being returned through the pipelines. Hence, any variance in the ascertainment of the quantity purchased may have a significant impact on the cost of materials.	Our audit procedures included: <ul style="list-style-type: none"> <li>➤ Assessment of controls over ascertaining the quantity of purchase for which payment is made.</li> <li>➤ Assessment of controls over calibration system of the weighing equipment.</li> <li>➤ Assessment of controls over periodical stock-take and the related procedures.</li> </ul>

**Information other than the financial statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholders' Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



**AUDITORS' REPORT**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer to Note 37 to the 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Chennai  
 Date : 20<sup>th</sup> May, 2019

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

**AUDITORS' REPORT****Annexure "A" to the Independent Auditor's Report for the year ended 31<sup>st</sup> March 2019**

**(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Kothari Petrochemicals Limited of even date)**

- i. In respect of the Company's fixed assets:
  - 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, Cess, Goods and Service Tax to the appropriate authorities. To the best of our knowledge and according to the information and explanations given to us, there were no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they become payable.
  - b) the Company has no disputed dues of Income Tax, Sales Tax, Excise Duty, Customs Duty and Value Added Tax which have not been deposited as on 31<sup>st</sup> March 2019.
- 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**S. Sriram**

Partner

M. No.: 205496

Place : Chennai

Date : 20<sup>th</sup> May, 2019

**AUDITORS' REPORT****Annexure - B to the Independent Auditors' Report - 31<sup>st</sup> March 2019**

(Referred to in paragraph 2 under **"Report on Other Legal and Regulatory Requirements"** section of our report to the Members of Kothari Petrochemicals Limited of even date)

**Report on the Internal Financial Controls with reference to financial statements under Section 143(3)(i) 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 2019 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.

**Auditor's Responsibility**

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.

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.

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**

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- 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**

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**

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 2019, 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

**S. Sriram**

Partner

M. No.: 205496

Place : Chennai

Date: 20<sup>th</sup> May, 2019

**BALANCE SHEET AS AT MARCH 31, 2019**

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I</b>	<b>ASSETS</b>			
	<b>Non-Current Assets</b>			
	Property, plant and equipment	2(a)	8,237.00	7,940.89
	Capital work-in-progress	2(b)	83.82	5.86
	Investment Property	3	1,660.11	1,574.91
	Intangible assets	4	43.37	4.17
	<b>Financial assets:</b>			
	(i) Other financial assets	5	341.85	256.94
			<b>10,366.15</b>	<b>9,782.77</b>
	<b>Current Assets</b>			
	Inventories	6	1,013.59	1,086.27
	<b>Financial assets:</b>			
	(i) Trade receivables	7	2,226.47	2,161.95
	(ii) Cash and cash equivalents	8(a)	549.38	36.47
	(iii) Bank balance other than (ii) above	8(b)	221.58	154.98
	(iv) Loans	9	5.87	10.67
	(v) Other financial assets	5	5.82	19.03
	Current tax assets (net)	10	19.03	12.41
	Other current assets	11	581.36	1,094.05
			<b>4,623.10</b>	<b>4,575.83</b>
	<b>Total Assets</b>		<b>14,989.25</b>	<b>14,358.60</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	Equity share capital	12(a)	5,918.68	5,918.68
	Other equity	12(b)	2,629.61	1,944.27
	<b>Total Equity</b>		<b>8,548.29</b>	<b>7,862.95</b>
	<b>Liabilities</b>			
	<b>Non-Current Liabilities</b>			
	Financial liabilities			
	-Borrowings	13	527.39	1,049.22
	Deferred tax liabilities(Net)	14	812.84	780.02
			<b>1,340.23</b>	<b>1,829.24</b>
	<b>Current Liabilities</b>			
	Financial liabilities			
	-Borrowings	13	1,697.52	1,786.80
	-Trade payables	15	40.46	23.81
	dues of micro enterprises and small enterprises			
	dues of creditors other than micro enterprises			
	and small enterprises		<b>2,350.01</b>	1,865.77
	-Other financial liabilities	16	750.36	694.41
	Other current liabilities	17	157.57	213.85
	Provisions	18	104.81	81.77
	<b>Total Current Liabilities</b>		<b>5,100.73</b>	<b>4,666.41</b>
	<b>Total Equity and Liabilities</b>		<b>14,989.25</b>	<b>14,358.60</b>
	Notes 1 to 40 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

**S.Sundarraman**  
 Director

**A.Thanikainathan**  
 Company Secretary

**Sivamahesh S**  
 Chief Financial Officer

 As per our report of even date attached  
**For P.Chandrasekar, LLP**  
 Chartered Accountants  
 FRN : 000580S/S200066

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

 Place : Chennai  
 Date : May 20, 2019

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

(₹ in Lakhs)

	Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
I	Revenue from Operations	19	29,982.05	19,958.06
II	Other Income	20	238.92	170.98
III	<b>Total Income (I+II)</b>		<b>30,220.97</b>	<b>20,129.04</b>
IV	<b>Expenses</b>			
	Cost of materials consumed	21	21,651.15	11,995.27
	Changes in inventories of finished goods	22	(70.85)	0.46
	Excise duty on sale of goods		-	492.59
	Employee benefit expenses	23	1,328.61	1,246.61
	Finance cost	24	307.05	141.91
	Depreciation & amortisation expense	25	453.32	360.98
	Other expenses	26	4,956.04	4,444.23
	<b>Total Expenses</b>		<b>28,625.32</b>	<b>18,682.05</b>
V	Profit before exceptional items and tax (III-IV)		1,595.65	1,446.99
VI	Exceptional items		-	-
VII	<b>Profit Before Tax</b>		<b>1,595.65</b>	<b>1,446.99</b>
VIII	Tax Expense	28		
	a) Current tax		343.85	330.51
	b) Deferred tax		33.24	158.89
IX	<b>Profit for the period from continuing operations (VII-VIII)</b>		<b>1,218.57</b>	<b>957.60</b>
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	(i) Re-measurement gains/(losses) on defined benefit plans		(1.57)	(1.94)
	(ii) Income tax effect on above		0.41	0.67
	<b>Total Other Comprehensive Income</b>		<b>(1.16)</b>	<b>(1.27)</b>
XI	<b>Total Comprehensive Income for the year (IX+X)</b>		<b>1,217.41</b>	<b>956.33</b>
	Earnings per equity share	29		
	Basic (₹)		2.07	1.63
	Diluted (₹)		2.07	1.63
	Notes 1 to 40 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

**S.Sundarraman**  
 Director

**A.Thanikainathan**  
 Company Secretary

**Sivamahesh S**  
 Chief Financial Officer

 As per our report of even date attached  
**For P.Chandrasekar, LLP**  
**Chartered Accountants**  
**FRN : 000580S/S200066**
**S.Sriram**  
 Partner  
 Membership No.205496

 Place : Chennai  
 Date : May 20, 2019

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

## A. Equity Share Capital

(₹ in Lakhs)

Particulars			As at 1 <sup>st</sup> April 2018	Changes in equity share capital during the year	As at 31 <sup>st</sup> March 2019
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 2017	0.40	1,164.49	0.00	0.12	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	1,945.02	-	(1.15)	1,944.27
Profit for the year		1,218.57			1,218.57
i) Dividend (Dividend per share Re. 0.50)		(441.35)			(441.35)
ii) Tax paid thereon		(90.72)			(90.72)
iii) Re-measurement of defined benefit plan				(1.16)	(1.16)
Balance as at 31 <sup>st</sup> March 2019	0.40	2,631.52	-	(2.31)	2,629.61

Notes 1 to 40 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

**S.Sundarraman**  
Director

**A.Thanikainathan**  
Company Secretary

**Sivamahesh S**  
Chief Financial Officer

Place : Chennai  
Date : May 20, 2019

As per our report of even date attached  
**For P.Chandrasekar, LLP**  
Chartered Accountants  
FRN : 000580S/S200066

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in Lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,595.65	1,446.99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	453.32	360.98
Operating lease rentals from Investment Property	(186.27)	(71.55)
Interest income	(18.46)	(16.07)
Dividend income	-	-
Remeasurement of defined benefit obligations	(1.57)	(1.94)
(Gain)/loss on sale of property, plant and equipment	0.00	9.36
Unrealised foreign exchange differences(Gain)/loss (net)	3.08	(1.54)
Finance cost / Financial guarantee expenses	282.60	115.52
(Gain)/loss on sale of investments and mutual funds	0.00	(0.89)
<b>Operating profit before working capital changes</b>	<b>2,128.35</b>	<b>1,840.86</b>
<b>Adjustments for changes in working capital:</b>		
<b>(Increase)/decrease in operating assets-</b>		
Inventories	72.68	(24.94)
Trade receivable	(67.59)	(189.39)
Financial assets-loans	4.80	(4.74)
Financial assets-others	(71.69)	(23.72)
Other Assets	512.69	(398.53)
<b>Increase/(decrease) in operating liabilities-</b>		
Trade payables	500.87	202.61
Financial liabilities-others	55.95	530.77
Other liabilities	(33.23)	(33.17)
	3,102.83	1,899.75
Less:Taxes paid	350.48	325.75
<b>Net cash from / (used in) operating activities</b>	<b>2,752.35</b>	<b>1,574.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets (including capital work-in-progress)	(951.79)	(2,996.72)
Margin money with bank / Dividend account	(66.60)	(20.65)
Operating lease rentals from Investment Property	186.27	71.55
Interest received	18.46	16.07
Purchase of investments	0.00	(100.00)
Sale of investments	0.00	100.89
<b>Net cash from / (used in) investing activities</b>	<b>(813.66)</b>	<b>(2,928.86)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/(Repayments of) long term borrowings	(521.83)	136.40
Repayment of short term borrowings (net)	(89.28)	(691.96)
Dividend paid	(441.35)	(147.12)
Dividend distribution Tax paid	(90.72)	(29.95)
Finance cost / Financial guarantee expenses	(282.60)	(115.52)
<b>Net cash from / (used in) financing activities</b>	<b>(1,425.78)</b>	<b>(848.15)</b>
<b>D. NET CASH FLOWS DURING THE YEAR (A+B+C)</b>	<b>512.91</b>	<b>(2,203.01)</b>
E. Cash and cash equivalents at the beginning of the year	36.47	2,239.48
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)</b>	<b>549.38</b>	<b>36.47</b>
Notes 1 to 40 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

**S.Sundarraman**  
 Director

**A.Thanikainathan**  
 Company Secretary

**Sivamahesh S**  
 Chief Financial Officer

 As per our report of even date attached  
**For P.Chandrasekar, LLP**  
**Chartered Accountants**  
**FRN : 000580S/S200066**
**S.Sriram**  
 Partner  
 Membership No.205496

 Place : Chennai  
 Date : May 20, 2019

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 1**
**CORPORATE OVERVIEW**

Kothari Petrochemicals Limited (referred to as "KPL" or the "Company") is 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 financial statements for the year ended 31 March, 2019 have been approved for issue by the Board of Directors of the Company on 20<sup>th</sup> May, 2019 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.

**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.

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 :**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative modified retrospective method, applied to contracts that were not completed as of April 1, 2018. In accordance with the modified retrospective method, the comparatives have not been retrospectively adjusted.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Under Ind AS 115, an entity recognizes revenue if performance obligation is satisfied over time (i.e. using percentage of completion method) if criterias specified in the Standard are met. If the prescribed criteria are not met, the entity is required to recognize revenue at a point in time at which it transfers control of the goods or service to the customer.

The Company considers indicators for assessing the transfer of control, including.

- the entity has a present right to payment for the asset.
- the customer has legal title to the asset.
- the entity has transferred physical possession of the asset.
- the customer has the significant risks and re-wards of ownership of the asset.
- the customer has accepted the asset.

**Dividend and interest and other income**

- Dividend income from investments is recognised when the right to receive payment has been established.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

- Income from sale of scrap is recognized on dispatch of the goods from the Company's premises.
- Rental income is accounted on accrual basis.
- Insurance claims are accounted for on the basis of claims admitted is expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**Export Incentives**

Export benefits are accounted in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**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.

In the case of operating leases, lease rentals are charged or recognized in the Statement of Profit and Loss on a straight line basis over the lease term, except where the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

**5. Borrowing costs :**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time the assets are ready for their intended use or sale.

Interest income earned on the temporary investments 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.

Borrowing costs are not included in the value of inventories.

**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 recognized 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.

**(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.

**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

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period.

**(a) Current tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.

**(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 recognised for all taxable temporary differences. Deferred tax assets are 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.

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 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.

**(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 :**

All Property, Plant and Equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

The cost of asset includes the purchase cost including import duties and non-refundable taxes, and any costs that are directly attributable of bringing an asset to the location and condition of its intended use.

The carrying amount of the replaced parts are derecognised. All other repairs and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Estimated useful lives of the assets are as follows:

Particulars of Asset	Estimated useful lives
Freehold Land	Nil
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.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value at 5% of Cost.

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.

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.

Gains/Losses arising on the disposal or retirement of an item of Property, Plant and Equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

**NOTES FORMING PART OF FINANCIAL STATEMENTS****10. Investment Property :**

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. Gains/Losses 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 :**

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. Softwares and licenses are amortized over useful life of 5 years.

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value-in-use. Value-in-use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the 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. 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 in the Statement of Profit and Loss.

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

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date and are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities in relation to claims against the Company, includes legal, contractual and claims arising from custom. 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. Contingent liabilities are disclosed in the notes.

Contingent assets are not recognized in the financial statements.

**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 recognized immediately in Statement of Profit and Loss.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**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 amortized cost or fair value, depending on the classification of the financial assets

**(a) Classification of financial assets**

Debt instruments (including Trade receivables, Loans and Other Financial Assets) 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 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.

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.

Income or Expense is recognised on an effective interest basis for debt instruments other than those financial liabilities classified as at FVTPL. Interest income or expense is recognized in Statement of Profit and Loss.

**(c) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment

methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

**(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.

**(e) Derivative financial instruments**

The Company uses 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. 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 :**

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations.

They are subsequently measured at amortised cost using effective interest method. Any discount or premium on settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

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.

**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 entity 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 recognized in Statement of Profit and Loss in the period in which they arise.

**19. 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.

**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.

**20. 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.

**21. Recent accounting pronouncements**

Ind AS 116 Leases - On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 12 - Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The Company does not expect to have any significant impact on account of this amendment.

**Note - 2 a): Property, Plant and Equipment**

(₹ in Lakhs)

Gross block	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Total
As at 1 <sup>st</sup> April 2018	278.47	2,152.66	5,731.06	53.19	115.63	70.22	143.41	8,544.64
Additions	-	84.61	706.74	0.13	25.50	16.69	-	833.68
Transfer to Investment Property (Note 3-IP)	-	-134.64	-	-	-	-	-	-134.64
Disposal	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2019	278.47	2,102.63	6,437.80	53.32	141.13	86.91	143.41	9,243.68
<b>Accumulated depreciation/amortisation</b>								
As at 1 <sup>st</sup> April 2018	-	217.04	306.73	9.41	17.74	36.27	16.56	603.75
For the year	-	132.24	224.13	6.18	23.12	21.72	19.07	426.47
Transfer to Investment Property (Note 3-IP)	-	-23.54	-	-	-	-	-	-23.54
Deduction on disposal	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2019	-	325.74	530.86	15.59	40.86	57.99	35.63	1,006.68
<b>Net block</b>								
As at 31 <sup>st</sup> March 2018	278.47	1,935.62	5,424.33	43.78	97.89	33.95	126.85	7,940.89
As at 31 <sup>st</sup> March 2019	278.47	1,776.89	5,906.94	37.72	100.27	28.93	107.78	8,237.00

**Note - 2 b): Capital work-in-progress**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Capital work-in-progress	83.82	5.86
	83.82	5.86

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

(₹ in Lakhs)

Particulars	Land	Building	Total
Gross block			
<b>As at 1<sup>st</sup> April 2018</b>	<b>217.41</b>	<b>1,405.06</b>	<b>1,622.47</b>
Additions	-	-	-
Transfer from Property, Plant & Equipment (Note 2-(a))	-	134.64	134.64
Disposals	-	-	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>217.41</b>	<b>1,539.70</b>	<b>1,757.11</b>
Accumulated depreciation			
<b>As at 1<sup>st</sup> April 2018</b>	<b>-</b>	<b>47.56</b>	<b>47.56</b>
Depreciation for the period		25.90	25.90
Transfer from Property, Plant & Equipment (Note 2-(a))		23.54	23.54
Reversal on disposal of assets	-	-	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>-</b>	<b>97.00</b>	<b>97.00</b>
<b>Net block</b>			
<b>As at 31<sup>st</sup> March 2018</b>	<b>217.41</b>	<b>1,357.50</b>	<b>1,574.91</b>
<b>As at 31<sup>st</sup> March 2019</b>	<b>217.41</b>	<b>1,442.70</b>	<b>1,660.11</b>

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

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Operating lease rentals from Investing Property	186.27	71.55
Direct expenses:		
contribute to the rental income (including repairs and maintenance)	13.14	59.62
Profit before depreciation and indirect expenses	173.13	11.93
Less: Depreciation	25.90	23.78
Profit before indirect expenses	147.23	(11.85)

**Fair value of Investment Property**

The fair value of the Company's total investment property as at 31/03/2019 is ₹ 2,238.95 lakhs (₹ 2,080.54 lakhs as at 31/03/2018). 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)

Software and licences	
Gross block	
As at 1 <sup>st</sup> April 2018	4.61
Additions	40.15
Disposals	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>44.76</b>
Accumulated depreciation	
As at 1 <sup>st</sup> April 2018	0.44
Depreciation for the period	0.95
Reversal on disposal of assets	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>1.39</b>
<b>Net block</b>	
<b>As at 31<sup>st</sup> March 2018</b>	<b>4.17</b>
<b>As at 31<sup>st</sup> March 2019</b>	<b>43.37</b>

**Note - 5: Other Financial Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Non-current	Current	Non-current	Current
Security deposits	341.85	-	256.94	
Advances recoverable	-	5.67	-	6.27
Interest receivable	-	0.00	-	2.08
Derivative assets	-	0.15	-	10.68
	<b>341.85</b>	<b>5.82</b>	<b>256.94</b>	<b>19.03</b>

(Unsecured and considered good unless otherwise stated)

**Note - 6: Inventories**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Raw materials	239.18	499.86
Raw material in transit	451.00	370.00
Finished goods	127.65	56.80
Stores and spares	192.81	157.64
Packing material	2.95	1.97
	<b>1,013.59</b>	<b>1,086.27</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 7: Trade Receivable**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Trade Receivable	2,226.47	2,161.95
	2,226.47	2,161.95
Doubtful		
Less: Provision	-	-
	<b>2,226.47</b>	<b>2,161.95</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.

Trade receivable ageing is as follows.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
0-30 days	2,226.01	2,027.74
31-60 days	0.32	130.55
61-90 days	0.07	0.19
More than 90 days	0.07	3.47
	<b>2,226.47</b>	<b>2,161.95</b>

**Note - 8(a): Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Balances with banks in current account	548.73	34.13
Cash on hand	0.65	2.34
	<b>549.38</b>	<b>36.47</b>

**Note - 8(b): Other bank balances**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Earmarked balances with bank-Dividend warrant account	75.11	74.86
Margin money with bank	146.47	80.12
	<b>221.58</b>	<b>154.98</b>

**Note - 9: Loans**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Loans to employees	5.87	10.67
	<b>5.87</b>	<b>10.67</b>

(Unsecured and considered good unless otherwise stated)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 10: Current Tax Assets (Net)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
	Current	Current
Advance payment of tax and tax deducted at source (net of provision)	19.03	12.41
	<b>19.03</b>	<b>12.41</b>

**Note - 11: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Prepaid expenses	64.90	53.20
Capital advances	10.20	7.37
Balance with statutory/government authorities	313.10	81.10
Advances to supplier of inputs	188.59	950.27
Unamortised cost of leasehold Property	4.57	2.11
	<b>581.36</b>	<b>1,094.05</b>

(Unsecured and considered good unless otherwise stated)

**Note - 12(a): Share Capital**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Numbers	Valule in ₹ lakhs	Numbers	Valule in ₹ lakhs
<b>A) Authorised :</b>				
<b>Preference share capital</b>				
Redeemable preference shares of ₹100/- each	6,00,000.00	600.00	6,00,000.00	600.00
<b>Equity share capital</b>				
Equity shares of ₹ 10/- each	6,00,00,000.00	6,000.00	6,00,00,000.00	6,000.00
<b>B) Issued :</b>				
Equity shares of ₹ 10/- each	5,96,40,700.00	5,964.07	5,96,40,700.00	5,964.07
<b>C) Subscribed and paid up :</b>				
Equity shares of ₹ 10/- each fully paid	5,88,46,400.00	5,884.64	5,88,46,400.00	5,884.64
<b>D) Subscribed and partly paid up and hence forfeited :</b>	-	34.04	-	34.04
<b>Total (C+D)</b>	<b>5,88,46,400.00</b>	<b>5,918.68</b>	<b>5,88,46,400.00</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.	% holdings	Nos.	% holdings
(i) BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	2,94,45,812	50.04%	2,94,45,812	50.04%
(ii) Kothari Sugars & Chemicals Ltd	60,59,000	10.30%	1,20,19,000	20.42%
(iii) Nina B Kothari	62,57,500	10.63%	-	-
c) Shares held by holding entity				
	Nos.	% holdings	Nos.	% holdings
BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	2,94,45,812	50.04%	2,94,45,812	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. All equity share have equal rights to receive or participate in any dividend or other distribution in respect of such shares.

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 2019:

- (i) Aggregate number of equity shares allotted as fully paid up pursuant to contract without payment being received in cash: Nil
- (ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares: Nil
- (iii) Aggregate number of equity shares bought back: Nil

**Note - 12(b): Other Equity**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>A) Capital Reserve</b>	0.40	0.40
<b>B) Retained earnings:</b>		
Balance at the beginning of the year	1,943.87	1,164.61
Retained earnings for the year	1,218.57	957.60
Dividend paid	(441.35)	(147.12)
Tax on proposed dividend	(90.72)	(29.95)
Items of other comprehensive income recognised directly in retained earnings:		
a) Remeasurement of post employment benefit obligation, net of tax	(1.16)	(1.27)
	<b>2,629.21</b>	<b>1,943.87</b>
<b>Total (A+B)</b>	<b>2,629.61</b>	<b>1,944.27</b>

**Note - 13: Borrowings**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Non-current	Current	Non-current	Current
a) Secured				
Term loan from HDFC Bank*	1,000.00	-	1,500.00	-
Car loan from HDFC Bank**	49.22	-	70.99	-
Working capital loan-Indian Bank***	-	1,697.52	-	1,786.80
	1,049.22	1,697.52	1,570.99	1,786.80
Less: Current maturities of long term borrowings	521.83	-	521.77	-
(a)	527.39	1,697.52	1,049.22	1,786.80
b) Unsecured				
Working capital loans	-	-	-	-
(b)	-	-	-	-
<b>Total (a+b)</b>	<b>527.39</b>	<b>1,697.52</b>	<b>1,049.22</b>	<b>1,786.80</b>

\* Secured by exclusive charge on assets (movable) being funded. Rate of interest linked to one year MCLR of Bank, with annual reset. interest ranging from 9.25%-9.85% 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 - 14: Deferred Tax Liability (Net)**

(₹ in Lakhs)

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 asset / (liability) 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>

Particulars	01 <sup>st</sup> April 2018	Recognised in Other Comprehensive Income	Recognised in Statement of Profit & Loss	31 <sup>st</sup> March 2019
Deferred tax (liability)/ asset arising on account of:				
Property, plant and equipment	(795.78)		(34.16)	(829.94)
Provision for Bonus / Leave encashment	13.16		(2.15)	11.02
Defined benefit obligation	0.61	0.41		1.02
Forward cover marked to market gain/loss	1.50		2.83	4.33
Interest free deposit received	0.64		0.12	0.76
Interest free deposits paid	(0.15)		0.12	(0.03)
<b>Deferred Tax Asset / (Liability)</b>	<b>(780.02)</b>	<b>0.41</b>	<b>(33.24)</b>	<b>(812.84)</b>

**Note - 15: Trade Payables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Total outstanding dues of micro, small and medium enterprises	40.46	23.81
Total outstanding dues of creditors other than micro, small and medium enterprises	2,350.01	1,865.77
<b>Total</b>	<b>2,390.47</b>	<b>1,889.58</b>

\*Trade payables are non interest bearing and are normally settled between 0 and 90 days. Refer Note No. 38.

**Note - 16: Other Financial Liabilities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Current liabilities of term loans from banks (secured)	521.83	521.77
Interest accrued but not due	8.24	11.78
Unclaimed dividend	75.11	74.86
Trade deposits	26.84	23.13
Deferred revenue arising from interest free deposits	21.85	24.27
Non statutory dues	66.95	18.91
Managerial commission payable	29.54	19.69
	<b>750.36</b>	<b>694.41</b>

**Note - 17: Other Current Liabilities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Customer advances	125.68	194.63
Statutory dues	31.89	19.22
	<b>157.57</b>	<b>213.85</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 18: Provisions**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Gratuity-refer note (a) below	-	24.67	-	19.13
Bonus payable	-	28.83	-	28.04
Compensated absences	-	9.00	-	10.01
Provision related to other expenses	-	42.31	-	24.59
	-	<b>104.81</b>	-	<b>81.77</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	2018-19	2017-18
<b>Present value of obligations at the beginning of the year</b>	<b>452.61</b>	<b>398.96</b>
Current service cost	67.07	67.64
Interest Cost	37.02	32.12
Re-measurement (gain) / loss:		
- Actuarial (gain) / loss arising from change in financial assumption	(11.69)	(13.84)
- Actuarial (gain) / loss arising from experience adjustment	(3.69)	(4.37)
Benefits paid	(52.42)	(27.90)
<b>Present value of obligations at the end of the year</b>	<b>488.89</b>	<b>452.61</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>397.68</b>	<b>326.62</b>
Interest income	30.77	25.85
Return on plan assets	(11.00)	(12.68)
Contributions by the employer	55.13	85.78
Benefits paid	(52.42)	(27.90)
<b>Fair value of plan assets at the end of the year</b>	<b>420.15</b>	<b>397.67</b>
<b>Amounts recognized in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	488.89	452.61
Less: Share of obligation pertaining to promoter		
Company under common Gratuity Trust	44.07	35.81
Fair value of plan assets at end of the year	420.15	397.67
<b>Funded status of the plans - Liability recognized in the balance sheet</b>	<b>24.67</b>	<b>19.13</b>
<b>Components of defined benefit cost recognized in profit or loss</b>		
Current service cost	67.07	67.64
Net interest expenses	37.02	32.12
<b>Net cost in Profit or Loss</b>	<b>104.09</b>	<b>99.76</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	(11.69)	(13.84)
- Actuarial gain/ (loss) arising from experience adjustment	(3.69)	(4.37)
Return on plan assets	11.00	12.68
<b>Net gain/ (loss)</b>	<b>(4.38)</b>	<b>(5.53)</b>
<b>Less: Allocation to promoter Company under common gratuity trust</b>	<b>(2.81)</b>	<b>(3.59)</b>
<b>Net Cost in other Comprehensive Income</b>	<b>(1.57)</b>	<b>(1.94)</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 19: Revenue from operations**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
(a) Sale of products*	29,901.24	19,920.88
(b) Other operating revenues (refer note no. 19(a))	80.81	37.18
Revenue from operations (Gross)	29,982.05	19,958.06

\* (a) Consequent to Introduction of Goods and service Tax (GST) with effect from 1<sup>st</sup> July 2017, Excise duty has been subsumed into GST. Accordingly, Revenue for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 is net of GST for the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> June 2017 is inclusive of Excise duty of ₹ 492.59 lakhs.

(b) The effect on adoption of Ind AS 115 did not have any material impact to the financial results of the company during the year and also no adjustment to the opening reserve was warranted on account of transition.

**Note - 19(a): Other Operating Revenues**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Scrap sales	28.30	14.31
Export incentives	52.51	22.87
	80.81	37.18

**Note - 20: Other Income**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Operating lease rentals from Investment Property	186.27	71.55
Interest income earned on financial assets	18.46	16.07
Net gain on foreign currency transaction and translation	25.82	47.16
Gain on sale of investments	-	0.89
Insurance claim	8.37	35.31
	238.92	170.98

**Note - 21: Cost of Raw Materials and Components Consumed**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Opening stock of raw material and components	499.86	536.79
Add: Purchases during the year	21,390.47	11,958.34
Less: Closing stock of raw materials and components	239.18	499.86
Cost of Raw Materials and Components Consumed	21,651.15	11,995.27

**Note - 22: Changes in Inventories of Finished goods**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Opening stock	56.80	64.42
Closing stock	127.65	56.80
Add: Excise duty adjustment for movement in finished goods inventory / (reversal)	-	(7.16)
Net change	(70.85)	0.46

**Note - 23: Employee Benefit Expenses**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Salaries and wages	1,067.65	968.13
Contribution to provident and other funds	95.88	88.38
Staff welfare expenses	165.08	190.10
	1,328.61	1,246.61

**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 - 24: Finance Cost**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Interest expenses	282.57	115.52
Other borrowing cost (Bank charges)	24.48	26.39
	<b>307.05</b>	<b>141.91</b>

**Note - 25: Depreciation and Amortisation Expenses**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Depreciation on Property, plant and equipment	426.47	336.79
Depreciation on Investment Property	25.90	23.78
Amortisation on Intangible assets	0.95	0.41
	<b>453.32</b>	<b>360.98</b>

**Note - 26: Other Expenses**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Power & fuel	1,860.20	2,373.65
Stores consumed	581.42	310.31
Freight and carriage outwards	552.12	214.27
Packing materials	320.87	266.16
Repairs & maintenance		
-Building	27.59	25.94
-Plant & equipment	568.34	402.53
-Other assets	24.83	44.95
Operating lease rentals paid	96.02	103.79
Travelling	147.76	79.32
Insurance	38.62	41.75
Rates & Taxes	69.47	58.74
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	0.13	0.00
Research and development expenditure (Refer Note 30)	54.84	49.16
Corporate Social Responsibility expenditure (Refer Note 31)	25.80	27.06
Legal & professional charges	147.15	81.57
Sitting fees to Directors	5.80	6.25
Commission & discounts	71.97	80.05
Printing and stationery	7.20	4.71
Postage and telephone expenses	10.94	12.34
Administration expenses	339.97	256.68
	<b>4,956.04</b>	<b>4,444.23</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note - 27: Directors' Remuneration**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
(a) Managing Director and whole time director remuneration		
Short term benefits	86.20	49.65
Commission paid	29.54	19.69
	<b>115.73</b>	<b>69.34</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-Executive Director's remuneration		
Directors' sitting fees	5.80	6.25
	<b>5.80</b>	<b>6.25</b>

**Note - 28: Tax Expense**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
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 21.5488% (MAT) and the reported tax expense in profit and loss are as follows:		
Profit before tax	1,595.65	1,446.99
Interest on MSME	0.03	-
Profit before tax before MSME Interest	1,595.68	-
i) Income Tax calculated at MAT 21.5488 % (2017-18 - 34.608% - Normal tax)	343.85	500.77
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
	<b>343.85</b>	<b>362.55</b>
Tax expenses comprise of:		
i) Current tax	343.85	362.55
ii) Adjustments in respect of current income tax of previous years	-	11.54
	<b>343.85</b>	<b>374.09</b>
iii) MAT credit utilised	-	43.58
<b>Net Current Income Tax</b>	<b>343.85</b>	<b>330.51</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 29: Earning per Equity Share**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Nominal value of equity share (₹)	10.00	10.00
Profit attributable to equity shareholders (A)	1,218.57	957.60
Weighted average number of equity shares outstanding during the year (B)	5,88,46,400	5,88,46,400
Basic earnings per equity share (A/B) (Rs)	2.07	1.63
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D)=(A+C)	1,218.57	957.60
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)	5,88,46,400	5,88,46,400
Diluted earning per equity share (D/F) (₹)	2.07	1.63

**Note - 30: Details of Research and Development Expenditure**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
i) Capital expenditure	41.11	39.51
ii) Revenue expenditure		
a) Raw material and components consumed	3.39	2.07
b) Salaries and wages	24.12	20.06
c) Consultancy charges	19.44	19.08
d) Miscellaneous expenses	7.89	7.95
	<b>54.84</b>	<b>49.16</b>
<b>Total (i) + (ii)</b>	<b>95.95</b>	<b>88.67</b>

**Note - 31: Expenditure on Corporate Social responsibility**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
a) Gross amount required to be spent	25.80	27.06
b) Amount spent on:		
- Paid to HCK Educational and Development Trust	<b>25.80</b>	27.06
	<b>25.80</b>	<b>27.06</b>

**Note - 32 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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

The following table summaries the capital of the Company.

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Equity</b>	8,548.29	7,862.95
Debt	2,746.74	3,357.79
Cash and cash equivalents	(549.38)	(36.47)
<b>Net Debt</b>	2,197.36	3,321.32
Total capital (equity+net debt)	10,745.66	11,184.27
Net debt to capital ratio	0.20	0.30

**Note - 33: 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.

**Note - 35: 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 2019	As at 31 <sup>st</sup> March 2018
Forward cover (sell) :		
USD/INR (in FCY)	5.47	8.18
USD/INR (in INR)	379.95	525.77
EURO/INR (in FCY)	0.35	0.31
EURO/INR (in INR)	28.30	24.48

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.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

If the interest rate were to increase by 50 basis from March 31, 2019, in case of Rupee borrowings and all other variables were held constant, additional annual interest expense on floating rate borrowing would amount to approximately ₹ 13 lakhs (31 March 2018 ₹ 16 lakhs).

**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 2019. (₹ in Lakhs)

Particulars	Carrying amount	upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Interest bearing borrowings	2,746.74	2,301.58	480.99	-	2,782.57
Non interest bearing	2,390.47	2,390.47	-	-	2,390.47
Other financial liabilities	220.29	171.59	-	48.69	220.29
<b>Total</b>	<b>5,357.49</b>	<b>4,863.65</b>	<b>480.99</b>	<b>48.69</b>	<b>5,393.33</b>

The table below provides details of financial assets as at 31<sup>st</sup> March 2019: (₹ in Lakhs)

Particulars	Carrying amount
Trade receivable	2,226.47
Other financial assets	1,124.50
	<b>3,350.97</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 2018. (₹ 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	160.86	113.46	-	47.40	160.86
<b>Total</b>	<b>5,408.22</b>	<b>4,435.16</b>	<b>1151.69</b>	<b>47.40</b>	<b>5,634.25</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>

**Note 34 - Related Party Transactions**
**Related party disclosures - As identified by the Management and relied upon by the Auditors**

Holding Entity	BHK Trading LLP
Key Managerial Personnel (KMP)	Mr. Arjun B Kothari, Managing Director Mr. M Rajavel, Whole time director (Appointed w.e.f 1 <sup>st</sup> August 2018)
Relative of KMP	Mrs. Nina B Kothari, Chairperson
Company Secretary	Mr. A.Thanikainathan
Chief Financial Officer	Mr. Cyrus Kallupurackal (Resigned w.e.f 25 <sup>th</sup> November 2018) Mr. Sivamahesh S (Appointed w.e.f 12 <sup>th</sup> February 2019)

(₹ in Lakhs)

Nature of Transactions	BHK Trading LLP		Kothari Sugars & Chemicals Ltd.		Mrs. Nina B Kothari, Chairperson		Mr. Arjun B Kothari, Managing Director		Mr. M. Rajavel, Whole Time Director		Mr. A. Thanikainathan, Company Secretary		Mr. Cyrus Kallupurackal, Chief Financial Officer		Mr. Sivamahesh S Chief Financial Officer	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Dividend paid	220.84	73.61	90.14	30.05	2.23	0.74	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	9.66	33.50	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services (AMC, Tech Fee)	-	-	264.00	247.78	-	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	0.52	-	-	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	1.40	1.30	-	-	-	-	-	-	-	-	-	-
Management Consultancy	-	-	-	-	30.00	5.00	-	-	-	-	-	-	-	-	-	-
Salary & Commission	-	-	-	-	-	-	79.23	69.34	36.51	-	20.73	18.27	10.40	13.57	3.95	-
Insurance	-	-	12.22	0.00	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</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>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Nature of Transactions	Parties with Control and Significant influence (Direct and Indirect)													
	Century Foods Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Ltd.		Santhoor Commercials Pvt. Ltd.		Parasakthi Trading Co. Pvt. Ltd.		HCK Educational and Development Trust	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Dividend paid	-	5.88	-	-	-	-	-	-	-	-	-	-	-	-
Lease rentals paid	15.60	15.60	21.76	16.64	-	-	-	-	-	12.00	31.00	30.00	-	-
Common Expenses(Electricity & Telephone)	-	-	-	-	-	0.90	-	-	-	-	-	-	-	-
Locker Rent	-	-	0.10	0.06	-	-	-	-	-	-	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-	-	-	25.80	27.06
Purchase of Goods	-	-	-	-	3.41	-	-	-	-	-	-	-	-	-
<b>Closing Balance</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>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Note :**

- Remuneration to KMP other than Managing Director and Whole Time Director is the total cost to company. Also refer Page No. 23 & 24 of the Annual report.
- Managing Director and Whole Time Director 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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note - 36: Events after the reporting period**

No adjusting or significant non-adjusting events have occurred between 31<sup>st</sup> March 2019, the reporting date and the date of authorisation except non-adjusting event of proposal of dividend of Re.0.50 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.

**Note - 37: Commitments, Contingent Liabilities and Contingent Assets**

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	27.70	67.84
(b) Contingent liabilities		
Claims against the Company not acknowledged as debt:		
Excise Duty under appeal	-	25.41
Guarantees:		
Bank Guarantees	1,162.77	580.86

**Note - 38 : Dues to micro,small and medium suppliers**

During the course of the current financial year we have obtained details relating to Micro, Small and Medium Enterprises outstanding. Based on the available information we have identified the Micro, Small and Medium Enterprises outstanding as at March 31, 2019. Similarly, based on the information received during the current financial year, we have extrapolated the outstanding as at the previous year end 31<sup>st</sup> March 2018 and accordingly shown the same for the purpose of comparison. Since, the opening outstanding were fully paid during the current financial year, No interest provision considered as at March 31, 2018.

Particulars	As at March 31 <sup>st</sup> 2019	As at March 31 <sup>st</sup> 2018
The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year		
Principal	40.43	23.81
Interest	0.03	
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
	0.03	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.03	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note 39: Segment Reporting (Ind AS 108)**

The Company is engaged in the business of Manufacture and sale of Petrochemical Products which constitutes single business segment. As per management's perspective, the risks and returns from its sales do not materially vary geographically. Accordingly, there are no other business / geographical segments to be reported under Ind AS 108.

**Note - 40: Previous year figures**

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

For and on behalf of the Board of Directors of  
**Kothari Petrochemicals Limited**

As per our report of even date attached  
**For P.Chandrasekar, LLP**  
**Chartered Accountants**  
**FRN : 000580S/S200066**

**Arjun B Kothari**  
Managing Director

**S.Sundarraman**  
Director

**A.Thanikainathan**  
Company Secretary

**Sivamahesh S**  
Chief Financial Officer

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

Place : Chennai  
Date : May 20, 2019

**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	

1. I hereby record my presence at the 30<sup>th</sup> Annual general meeting of the company, to be held on Tuesday the 6<sup>th</sup> August 2019 at 10.30 a.m. at The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014

b) Signature of the Shareholder / Proxy Present.

--

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

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.

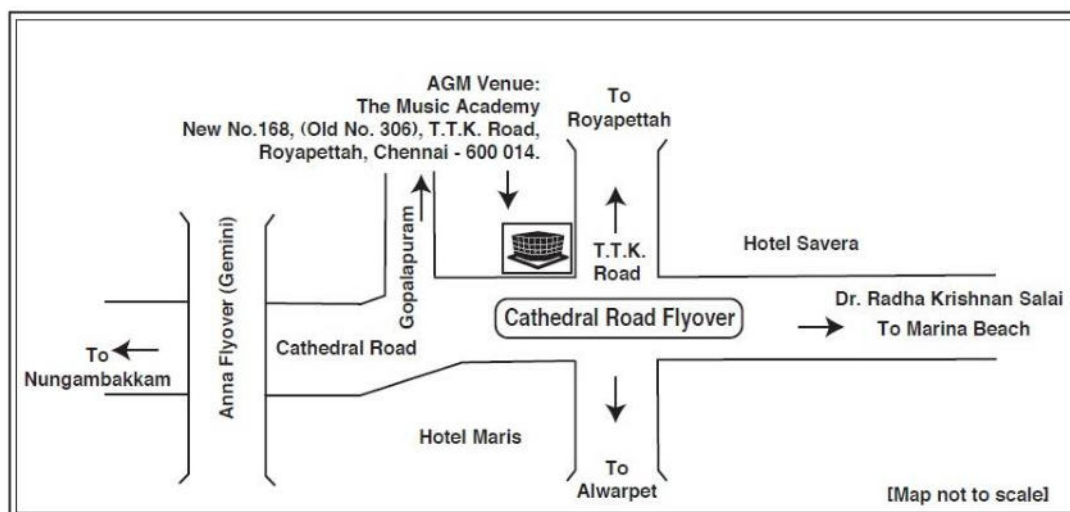
**E - VOTING PARTICULARS**

EVS (Electronic Voting Sequence Number)	USED ID	PASSWORD
190702002	Folio No. / DP ID / 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
Friday, 2 <sup>nd</sup> August, 2019 at 9.00 A.M.	Monday, 5 <sup>th</sup> August 2019 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 Tuesday 6<sup>th</sup> August 2019 at 10.30 A.M.**





**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

**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

1. Name .....  
Address .....  
Email-Id.....  
Signature..... or failing him/her
2. Name .....  
Address .....  
Email-Id.....  
Signature..... or failing him/her
3. 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 30<sup>th</sup> Annual General Meeting of the company, to be held on Tuesday the 6<sup>th</sup> August, 2019 at 10.30 a.m. at The Music Academy, Mini Hall, Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend for the financial year 2018-19		
3.	Re-appointment of Mrs.Nina B Kothari who retires by rotation		
Special Business			
4.	Ratification of Remuneration to Cost Auditor		

Signed this ..... day of ..... 2019

Signature of shareholder:



Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

- a) 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.
- b) A Proxy need not be a member of the Company.
- c) 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.
- d) \*\* 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.