



**Kothari Petrochemicals
Limited**

25th Annual Report
2013 - 14

CORPORATE INFORMATION

Board of Directors	:	B.H.Kothari - Chairman & Managing Director P.N.Devarajan Pranab Kumar Rudra Dr. R.K. Raghavan (w.e.f 27.05.2014) Mrs.Nina Bhadrashyam Kothari (w.e.f 27.05.2014)
Company Secretary	:	S.Sundaramurthy
Cheif Financial Officer	:	Jayalakshmi Ramaswamy
Statutory Auditors'	:	R.Subramanian and Company Chartered Accountants No.6, Krishnaswamy Avenue Luz, Mylapore, Chennai - 600 004
Internal Auditors	:	K.R.Sarangapani & Co. Chartered Accountants, No. 28/1, Anjuham Nagar, 1 st Street, Jafferkhanpet, Chennai - 600 083
Cost Auditors	:	P.Rajulyer, M.Pandurangan & Associates No. 492, Periyar EVR Salai Aminjikarai, Chennai - 600 029
Legal Advisors	:	S.Ramasubramaniam and Associates Advocates, No.6/1, Bishop Wallers Avenue (West) Mylapore, Chennai - 600 004
Registered 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
Registrar & Share Transfer Agent	:	Cameo Corporate Services Limited Subramanian Building, 5th Floor No.1, Club House Road Chennai - 600 002 Phone No. 044 - 28460390 to 28460394 Fax No.044 - 28460129 e-mail: investor@cameoindia.com
Listing	:	The National Stock Exchange of India Limited (NSE), Mumbai
Stock Code	:	KOTHARIPET
ISIN No.	:	INE720A01015
CIN No.	:	L11101TN1989PLC017347

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Financial Highlights

₹. in Lacs

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
PROFITABILITY ITEMS					
Gross Income	12,179.91	16,099.34	17,565.58	26,152.05	37,055.05
Gross Profit (PBDIT)	921.24	1,219.38	945.20	1,117.29	1,519.77
Profit After Tax	374.96	707.11	428.79	520.56	790.64
BALANCE SHEET ITEMS					
Net Fixed Assets	2,739.29	3,470.85	5,999.13	4,844.38	5,278.18
Investments	511.35	509.93	109.50	317.85	1,093.23
Net Current Assets	2,529.65	2,666.32	863.13	1,592.58	848.33
Total Capital Employed	5,780.29	6,237.28	7,094.42	6,457.75	6,603.93
Shareholder's Funds	5,606.60	5,971.75	6,058.58	6,062.78	6,164.95
RATIOS					
Book Value Per Share (₹)	9.53	10.15	10.30	10.30	10.40
EPS (₹)	0.64	1.20	0.73	0.88	1.34
Return on Investment	6.33%	11.84%	7.08%	8.59%	12.82%
Current Ratio	3.27	2.50	1.40	1.50	1.19

DIRECTORS' REPORT

To the Members,

The Directors present the 25th Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2014.

- Highlights of the Company's Financial Performance for the year are summarized below.

(₹. in Lakhs)

Particulars	2013 - 2014	2012 - 2013
PBIDT	1,519.77	1,117.29
Interest	124.71	129.84
Profit after Interest before Depreciation and Tax	1,395.06	987.45
Depreciation	199.21	249.21
Tax Expenses	405.21	217.68
Profit After Depreciation and Tax	790.64	520.56
Profit brought forward from previous year	143.70	139.50
Profit available for appropriation	934.34	660.06
Proposed Dividend	588.46	441.35
Dividend Tax on Proposed Dividend	100.01	75.01
Balance Carried to Balance Sheet	245.87	143.70

2. Performance for the financial year 2013-14

The Company's total revenue is Rs.33,978.46 Lakhs for the year ended March 31, 2014 as against Rs.23,975.44 Lakhs for the previous year 2012-13. The increase in revenue was due to higher sales volume and higher selling price.

Your Company's manufacturing plant continues to adhere to all the safety norms and conducts periodic safety reviews & technical audits to update / upgrade the norms to suit the latest requirements. This has resulted in achieving an "ACCIDENT FREE" operation throughout the year 2013-14. All the employees are periodically being given training in their respective areas of operation which are frequently reviewed by the senior officials to identify any gaps to take appropriate action to improve the efficiency.

Your company continues to take efforts to improve the quality of the product based on the feedback received from various customer segments which enables penetration into new market segments overseas.

In recognition of its commitment to quality and environment, your company has won the following awards:

- ❖ Quality Management System (ISO 9001:2008)
- ❖ Environmental Management System (ISO 14001: 2004)

by the reputed agency M/s.Det Naorske Veritas, Germany

3. Subsidiary Companies

Your Company incorporated a subsidiary company called "Kothari Petrochemicals Pte. Ltd., Singapore" and a step-down subsidiary Company called "Kothari Petrochemicals HK Ltd., Hong Kong" during the year 2013-14. The objective for incorporation of these foreign subsidiaries was to increase the sales and expanding the company's market presence in the South East Asia / Asia Pacific region and also to serve the existing overseas customers in a much better way in terms of Full On Time delivery (F O T) by better coordination with logistics agencies.

Apart from this, the focus is also on bringing additional business from the potential market in the region to strengthen your company's presence in South East Asian / Asia Pacific market as well as in other regions of the world. The subsidiary companies are now well accepted by the market and lots of enquiries are being received which would help to enlarge the market share in South East Asia region.

Pursuant to Ministry of Corporate Affairs (MCA) General Circular No.2/2011 dated 8th February, 2011 the accounts of the subsidiary company need not be attached along with the accounts of the holding company as required by Section 212 of the Companies Act, 1956 upon fulfilling certain conditions stipulated in the said circular. Therefore, Annual Accounts of the wholly owned Subsidiary and step down Subsidiary namely M/s.Kothari Petrochemicals Pte.Ltd (Singapore) & Kothari Petrochemicals

HK Ltd. (Hong Kong) respectively for the year ended 31st March 2014 are not attached herewith.

The Annual Accounts of the above subsidiaries are kept at the registered office for inspection of members during working hours and the same are also available on the website of Kothari Petrochemicals Limited.

4. **Dividend**

The Directors recommend a dividend at the rate (@10%) of Re.1/- per equity Share of Rs.10/- each for the financial year ended March 31, 2014 (last year Re.0.75 paise). If approved by the Members at the ensuing Annual General Meeting to be held on 02nd September, 2014, it will be paid on or before 01st October, 2014 to those Members whose names appear in the Company's Register of Members and to those persons whose names appear as Beneficial Owners (as per the details to be furnished by the Depositories in respect of the shares held in dematerialized form) as at the close of business hours on 26.08.2014.

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

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

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

6. **Public Deposits**

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

7. **Directors**

Mr.B.H.Kothari, Director, is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment

In accordance with Section 149 and other applicable provisions of the Companies Act, 2013, your Directors Mr.P.N.Devarajan and Mr.Pranab Kumar Rudra are seeking appointment as Independent Director for a term of five consecutive years upto 31

March, 2019. Details of the proposal for the appointment of Mr.P.N.Devarajan and Mr.Pranab Kumar Rudra are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 25th Annual General Meeting.

Mr.P.S.Balasubramanaim resigned from the Board with effect from 05.11.2013 and Mr.G.Narayanaswamy resigned from the Board with effect from 28.05.2014. The Board of Directors places on record its appreciation for the valuable services rendered by them.

The Board of Directors at its meeting held on May 27, 2014 appointed Mrs.Nina Bhadrashyam Kothari (Women Director & Non-Executive and Non-Independent) and Dr.R.K.Raghavan (Non-Executive & Independent) as Additional Directors of the Company to hold office up to the date of the forthcoming Annual General Meeting of the Company and they are eligible for appointment as Director by the members.

8. **Directors' Responsibility Statement**

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

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

9. Management Discussion and Analysis

With the support of good demand in domestic market and continued support from overseas customers, Kothari Petrochemicals Limited (KPL) continues to retain its status as the "Largest Poly Iso Butene (PIB) manufacturer in India" with an annual installed capacity of 22,000 tons.

Industry Structure & Development:

KPL produces high quality PIB of various grades using Iso Butylen rich LPG which is sourced from Refineries / Petrochemical complex. Due to various reasons, one of the raw material suppliers had severe set back in meeting our requirements and hence the company was forced to go for other alternate sources which are relatively costlier than the existing suppliers. But the company was able to pass on the cost to the business and also able to achieve the record production since its inception. The Company continues its efforts to explore other sources for raw material supply within the country as well as overseas.

Outlook:

The newly developed market such as Plastic Master Batch etc. are showing an encouraging growth of demand for our products and your company is continuing to develop the new market. Despite constrains in getting raw materials, your company has produced 19,661 MT of PIB and sold 19,825 MT which are an all time high in terms of volume as well as price.

Your company has revamped some of the facilities in the plant to improve the productivity and reduce the cost of production and has also installed new Boiler with low cost fuel to cut down the cost of utilities.

Opportunities:

With the advantage of sourcing raw materials from various sources, your company is able to position itself for better capacity utilization of its plant as well optimized cost of raw material.

In addition to the efforts being taken to improve the productivity by way of upgrading the existing manufacturing facilities and carrying out de-bottlenecking with significant

investment, your Company has installed a new Steam boiler and Thermic fluid system with paddy husk as fuel. This is mainly to bring down the utility cost to a great extent which will enable your company to be more competitive in the market.

Your company is in discussions with other neighbouring industries to supply the return stream of raw material with value addition to improve the profitability of your company. Also, your company is in the process of exploring the technical feasibility for power generation at a competitive cost using the existing facilities in the plant.

Threats:

The value addition for Raffinate which is being used as raw material by your company is growing year after year which will lead to scarcity of this product from the Petrochemical complexes or Refineries. This is a major concern for your company to achieve the estimated production target and thus meet the market demand.

This fluid situation in the availability of raw material in India has triggered a panic situation among the domestic customer including some PSU Cos. who have started to import PIB on a trial basis and this is really a threat for your company at this juncture.

While trying to source raw material from far away locations, the logistics cost will go up steeply which in turn will reflect on the CoP of the product.

Risks & Concerns:

The trend of Indian currency appreciation against USD also encourages the importers and has a negative impact on your company's export sales realization. KPL takes forward foreign exchange cover to hedge against forex fluctuations.

Of late the major refineries use low priced crude, which will have more impurities like Sulphur, to suit their economics and your company is affected due to the poor quality of the raw material supply from such refineries and are therefore forced to invest on new facilities to handle such raw material contaminated with impurities. These investments increase the direct cost and have no payback.

The imports volumes are steadily growing month after month which only shows that the reliability on domestic PIB manufacturers is diminishing due to raw material scarcity in India.

The power supply from the Government feeder is not of good quality though your company is having a dedicated underground cable line. This is resulting in many power failure and dips which also affects the productivity.

Internal Control Systems and their adequacy:

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

Internal Audit and Inspection:

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

Compliance: The Company has a strict compliance protocol and submission of various returns and data information as required by the statutory authorities is a priority.

Human Resources / Industrial Relations

During the year, the industrial relations have remained cordial and conducive. Employees at all levels demonstrated high degree of commitment for achieving the company goals. Human Resources strived to create an environment that allows all employees to contribute to their fullest potential and remained committed to working proactively in identifying and responding to its changing needs.

Human Resource Organization Development and Training (OD & Training) section was committed to excellence through the development, delivery, and administration of learning opportunities for staff. During 2013-14, the following training was imparted to the employees (1) Safety awareness, (2) Monitor

Operation, (3) Fire Fighting, (4) Emergency Response Plan, (5) Communication Skills and (6) Leadership Skills.

The Human Resources Department created an Internal Complaint Committee for the prevention and redressal of any sexual harassment of women at work place as per the requirement of Sexual harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013.

The company focused on career development of employees and manpower requirement was filled in by giving priority to internal sources – through promotions / horizontal transfers. This year our recruitment and retention strategies continued to focus on diversity. To enhance culture we have been providing feedback and programs to develop an environment that fully engages and cultivates all the employees. Key performance indicators implemented in the year 2011-12 are being put to effective use to evaluate the performance of employees. Total number of employees as on 31st march 2014 was 125.

Cautionary Statement

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

10. Corporate Governance

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

11. Re-appointment of Statutory Auditors

M/s.R.Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors, are eligible for re-appointment.

12. Cost Auditor

Pursuant to section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated 11th April 2011 and subject to the approval of Central Government, the Audit Committee has recommended and the Board of Directors appointed M/s.P.Rajulyer, M.Pandurangan & Associates, Practising Cost Accountants, as Cost Auditor of the Company for the year 2014 - 2015.

Filing of Cost Audit Report	2013 - 2014	2012 - 2013
Due Date	27.09.2014	27.09.2013
Actual Date	(Target) 25.09.2014	23.09.2013
Cost Auditor Details	M/s.P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai	M/s.P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai
Audit Qualification in Report	-	Nil

13. Acknowledgement

The Board acknowledges the co-operation and support extended by the employees, consultants, suppliers, customers and all its business associates. The Directors place on record their appreciation for the continued support and co-operation they have received from Financial Institutions, Banks, Central and State Governments.

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

Place: Chennai
Date : May 27, 2014

B.H. Kothari
Chairman and Managing Director

FORM A

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

A. POWER AND FUEL CONSUMPTION

Particulars	2013-14	2012-13
1. Electricity		
(a) Purchased		
Unit (Kwh)	76,12,585	69,86,670
Total Amount (Rs.)	5,43,55,831	5,35,89,781
Rate/unit (Rs.)	7.14	7.67
(b) Own generation		
(i) Through diesel generator		
Units	7,23,070	4,16,878
Unit per-litre of diesel oil	2.89	2.86
Cost/Units	19.50	15.53
(ii) Through steam turbine/generator		
Units	--	--
Units per-litre of fuel oil/gas	--	--
Cost/units	--	--
2. Coal (specify quality and where used)		
Quantity (k.litres)	--	--
Total cost	--	--
Average rate	--	--
3. Furnace oil		
Quantity (MT)	3042.58	3077.04
Total amount (Rs.)	12,68,59,788	12,31,82,009
Average rate (Rs. / MT)	41,694.81	40,032.63
4. Others/internal generation (please give details)		
Quantity	--	--
Total cost	--	--
Rate/unit	--	--
5. Consumption per unit of production		
	Standard (if any)	
Products (with details) in MT	--	19,661.00
Electricity (Unit per MT)	449	424.00
Furnace Oil (MT of FO per MT)	0.19	0.17
Coal (specify quality)	--	--
Others (specify)	--	--

B. TECHNOLOGY ABSORPTION

FORM B

(Form for disclosure of Particulars with respect to Technology Absorption)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo

₹. in Lakhs

S.No.	Particulars	2013-14	2012-13
(i)	Total Foreign Exchange earned	6,402.76	3,850.52
(ii)	Total Foreign Exchange outflow	719.66	126.35

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

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

In terms of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details of compliances, for the year ended March 31, 2014, are as follows:

2. Board of Directors

The strength of the Board as on 31.03.2014 is four, headed by the Chairman & Managing Director, Mr.B.H.Kothari. Except Mr.B.H.Kothari all others are Non-Executive Independent Directors.

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

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the public companies in which he is a Director. Necessary disclosure regarding Committee positions in other companies as on 31 March 2014 have been made by the Directors.

The details of composition of the Board, the attendance at Board meetings during the financial year and at the last Annual General Meeting, number of directorships and committee positions held during 2013-14 are furnished in the following table.

Name of the Director	Category	No. of Board Meetings attended	Attendance at previous AGM held on September 05, 2013	No. of Directorship in other public Companies	No. of Committee positions (as member / chairman) held in other public Companies	
					Member	Chairman
Mr. B.H.Kothari	CMD	5	Present	3	1	1
Mr. G.Narayanaswamy	INED	4	Absent	Nil	Nil	Nil
Mr. Pranab Kumar Rudra	INED	5	Present	Nil	Nil	Nil
Mr. P.N.Devarajan	INED	5	Present	3	Nil	Nil
Mr. P.S.Balasubramaniam*	NED	4	Present	N.A.		

INED - Independent Non Executive Directors & NED - Non- Executive Directors

*Mr.P.S.Balasubramaniam resigned as a director from the Company with effect from November 05, 2013

BOARD MEETINGS HELD				
May 30, 2013	Jul 31, 2013	Sep 05, 2013	Nov 05, 2013	Feb 03, 2014

3. Committees of the Board

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

a. Audit Committee

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

Sl.No.	Name of the Member	Category	Meetings participated
(i)	Mr.G.Narayanaswamy	Chairman	4
(ii)	Mr.Pranab Kumar Rudra	Member	4
(iii)	Mr.P.N.Devarajan	Member	4

b. Audit Committee Meetings held during the financial year 2013-2014

AUDIT COMMITTEE MEETINGS			
May 30, 2013	Jul 31, 2013	Nov 05, 2013	Feb 03, 2014

c. Board Reference to the Audit Committee

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

- i) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor/cost auditor and the fixation of audit fees.
- ii) To review the internal controls, with the Management and the Auditors and report to the Board together with recommendations thereon.
- iii) To select and establish accounting policies.
- iv) To review the adequacy of internal audit function, staffing, reporting structure and frequency of internal audits.
- v) To review the Company's financial and risk management policies.
- vi) To approve the Quarterly Unaudited Financial Results for publication.
- vii) To review the Management Discussion and Analysis Report.
- viii) To review the related party transactions submitted by the management.

d. Share Transfer cum Shareholders Grievances Committee

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

During the year under review, the Committee met 19 times and the attendance details of Committee Members is as follows:

Sl.No.	Name of the Member	Category	Meetings participated
(i)	Mr.G.Narayanaswamy*	Chairman	07
(ii)	Mr.B.H.Kothari	Member	13
(iii)	Mr.P.N.Devarajan	Member	19
(iv)	Mr.P.S.Balasubramaniam**	Member	12

* Mr. G. Narayanaswamy was appointed as Chairman & Member of the Committee with effect from November 05, 2013

** Mr.P.S.Balasubramaniam resigned as a director from the Company with effect from November 05, 2013

e. Details of the Complaints received from the Shareholder(s) / Department(s) during the Financial Year 2013 - 2014

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redress under process at the year end
1	Non receipt of Dividend	15	15	Nil
2	Transfer of shares	Nil	Nil	Nil
3	Dematerialization matters	Nil	Nil	Nil
4	Non receipt of annual reports	Nil	Nil	Nil
5	Others	Nil	Nil	Nil
	Total	15	15	Nil
1	SEBI	Nil	Nil	Nil
2	Ministry of Corporate Affairs	Nil	Nil	Nil
3	National Stock Exchange	Nil	Nil	Nil
4	Registrar of Companies	Nil	Nil	Nil
5	Consumer forum	Nil	Nil	Nil
	Total	Nil	Nil	Nil

f. Remuneration Committee

The Remuneration Committee was constituted by the Company during the financial year 2013-14, on 05th November 2013 to recommend the appointment/re-appointment and tenure of office, whether of Executive or Non - Executive Directors and to approve the remuneration payable to the Managing Director for every financial year.

The Committee consists of three Independent Directors namely Mr.G.Narayanaswamy, Mr.P.N.Devarajan and Mr.Pranab Kumar Rudra.

The Committee met once during the year on February 03, 2014. The details of the members attendance at the meeting is as follows

Name of Directors	Attendance at the meeting
Mr. G.Narayanaswamy	Present
Mr. P.N.Devarajan	Present
Mr. Pranab Kumar Rudra	Present

4. Directors' sitting fees

Sitting fees for the Board/Committee meetings for the year 2013-14 and the details are furnished hereunder:

(Amount in ₹)

Sl.No.	Name of the Directors	Sitting fees paid			
		Board Meeting	Audit Committee	Remuneration Committee	Total
(i)	Mr.B.H.Kothari	42,500	N.A.	Nil	42,500
(ii)	Mr.G.Narayanaswamy	34,000	28,000	5000	67,000
(iii)	Mr.P.K.Rudra	42,500	28,000	5000	75,500
(iv)	Mr.P.N.Devarajan	42,500	28,000	5000	75,500
(v)	Mr.P.S.Balasubramaniam*	34,000	N.A.	Nil	34,000
	Total	1,95,500	84,000	15,000	2,94,500

*Mr.P.S.Balasubramaniam resigned as a director from the Company with effect from November 05, 2013

5. Annual General Meeting

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

Year	Venue	Date	Day	Time
2012-13	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14	September 05, 2013	Thursday	10.30 A.M
2011-12	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14	September 20, 2012	Thursday	10.30 A.M.
2010-11	Rani Seethai Hall” No.603, Anna Salai, Chennai - 600 006	September 07, 2011	Wednesday	10.30 A.M.

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

Date of AGM	Whether any Special Resolution was passed	Particulars
Sep 05, 2013	Nil	-
Sep 20, 2012	Nil	-
Sep 07, 2011	01	Appointment of Mr.B.H.Kothari, as Managing Director for a period of 5 years w.e.f. 01.12.2011 to 30.11.2016 without remuneration.

7. Postal Ballot

During the financial year 2013-2014 no Special Resolution was passed through Postal Ballot.

8. Disclosures

During the financial year 2013-2014, the Audit Committee and the Board considered the statement of related party transactions on quarterly basis with details together with the basis at their meetings. There are no materially significant transactions with related parties conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard AS-18 has been made in the Annual Report.

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

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

As required under Clause 49 of the Listing Agreement a Certificate signed by the Chairman & Managing Director and Chief Financial Officer is attached.

9. Management Discussion and Analysis Report

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

10. Means of Communication

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

Pursuant to the Green Initiative taken by the Ministry of Corporate Affairs allowing service of documents through electronic mode, the Company send all documents in electronic form to those shareholders who have registered their email-id for the purpose.

11. Shareholder Information

Annual General Meeting

Day, Date and Time	Tuesday, September 02, 2014 at 10.30 A.M.
Venue	The Music Academy, (Mini Hall) Old No.306, New No. 168 T.T.K. Road, Chennai-14

12. Financial Year of the Company

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

Financial Reporting for year 2014-2015 (Tentative)

Financial Reporting for year 2014-2015 (Tentative)	
Results for Quarter ending 30th June, 2014	First week of August, 2014
Results for Quarter ending 30th September, 2014	First fortnight of November, 2014
Results for Quarter ending 31st December, 2014	First fortnight of February, 2015
Results for Quarter ending 31st March, 2015	Last Week of May, 2015

13. Date of Book Closure

The period of book closure is fixed from Wednesday, August 27th, 2014 to Tuesday, September 2nd, 2014 (both days inclusive)

14. Dividend Payment

For the year ended March 31, 2014, the Directors have recommended a dividend at the rate (10%) of Re.1 (Rupee one only) per equity shares of Rs.10/- each, subject to the approval of the Members at the ensuing Annual General Meeting and the dividend, if approved shall be paid on or before 01st October, 2014.

15. Listing Particulars

The shares of the Company are listed in The National Stock Exchange of India Limited, Mumbai and the listing fees upto the financial year 2014 - 15 have been paid. **(Stock Code - KOTHARIPET)**

16. Market Price Data: High, Low in each month of the Financial Year 2013-2014 on The National Stock Exchange of India Limited.

(Amount in ₹)

Month	High	Low	Month	High	Low
Apr 2013	7.75	5.50	Oct 2013	7.80	6.30
May 2013	8.30	6.00	Nov 2013	8.65	7.15
Jun 2013	7.60	6.45	Dec 2013	10.65	7.50
Jul 2013	7.45	6.00	Jan 2014	10.25	8.15
Aug 2013	7.55	6.10	Feb 2014	9.30	7.80
Sep 2013	7.25	6.05	Mar 2014	9.35	7.70

17. Registrar and Share Transfer Agents

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

18. Distribution of Shareholdings

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5000	7,503	21,63,244
5001-10000	1,655	14,97,002
10001-20000	514	8,58,353
20001-30000	203	5,33,606
30001-40000	81	3,06,840
40001-50000	125	6,01,720
50001-100000	136	10,03,323
100001 and above	126	5,18,82,312
Total	10,343	5,88,46,400

19. Shareholding Pattern

Sl. No.	Category	No. of Holders	No. of shares	% of Shares
(i)	Promoters	9	4,14,67,412	70.47
(ii)	Resident Indians	10,101	91,63,897	15.57
(iii)	Financial Institutions	2	16,28,447	2.77
(iv)	Domestic Companies	194	6433218	10.93
(v)	Mutual Funds	3	51,500	0.09
(vi)	NRIs	31	57,326	0.10
(vii)	FII's	1	40,500	0.07
(viii)	Directors & Relatives	2	4,100	0.01
	Total	10,343	5,88,46,400	100.00

20. Share Transfer System

Share transfers, where transfer documents are found in order, are registered and returned in the normal course within a period of 15 days from the date of receipt of the documents. Any requests for dematerialization/rematerialisation of shares are processed and confirmation given to Depositories i.e. National Securities Depositories Limited (NSDL) or Central Depositories Services (India) Limited (CDSL), as the case may be, within 15 days from the date of receipt.

21. Dematerialization of Shares

As on March 31, 2014, 5,64,29,132 shares representing 95.89% Company's total shares were held in dematerialized form and the balance shares were held in physical form.

ISIN No.INE720A01015

22. Plant Location

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

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

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

Place: Chennai
Date : May 27, 2014

B.H. Kothari
Chairman and Managing Director

DECLARATION

As provided under clause 49 of the Listing Agreement with the stock exchanges, this is to confirm that all the Members of the Board and the senior management have affirmed compliance with the Code of Conduct for the year ended March 31, 2014.

for **Kothari Petrochemicals Limited**

Place: Chennai
Date : May 27, 2014

B.H. Kothari
Chairman and Managing Director

CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF LISTING AGREEMENT

We, B.H.Kothari, Chairman & Managing Director and Jayalakshmi Ramaswamy, 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, 2014 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai
Date : May 27, 2014

B.H.Kothari
Chairman and Managing Director

Jayalakshmi Ramaswamy
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kothari Petrochemicals Limited

We have examined the compliance of conditions of Corporate Governance of M/s. Kothari Petrochemicals Limited, for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place: Chennai
Date: May 27, 2014

R. Rajaram
Partner
M.No.25210

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2014**To the Members of KOTHARI PETROCHEMICALS LIMITED****Report on Financial Statements**

We have audited the accompanying financial statements of Kothari Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: Chennai
Date: May 27, 2014

R. Rajaram
Partner
M.No.25210

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE.

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
3. No major asset has been disposed off during the year and hence the concept of going concern is not affected.
4. Inventories were physically verified during the year by the management at reasonable intervals.
5. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management was reasonable and adequate in relation to the size of the Company and the nature of its business.
6. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
7. The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
8. The company has taken an unsecured loan from a company covered in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.600 lacs and the year-end balance of loan taken was Rs.600.00 lacs.

In our opinion, interest and other terms and conditions on which loan has been taken are not prima facie prejudicial to the interest of the company.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and there was no continuing failure to correct any major weakness.
10. In our opinion and according to the explanations given to us, the transactions that have been made in pursuance of contracts or arrangements requiring entry in the registers maintained under Section 301 of the Companies Act, 1956 have been so entered .
11. According to the information and explanation given to us, the transactions that have been made in pursuance of such contracts or arrangements made by the company have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
12. According to the information and explanation given to us, the company has not accepted deposits from the public. Therefore, provisions of Section 58 and 58 AA or any other relevant provisions are not applicable to the company.
13. The Internal Audit function has been carried out by a firm of Chartered Accountants and is commensurate with the size of the company and the nature of its business.
14. We have broadly reviewed the cost records and accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained from the period under audit. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
15. According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Income Tax, Sales Tax and any other statutory dues with the appropriate authorities during the year. The company has no dues towards Provident Fund, Investor Education and Protection Fund, Wealth Tax, Service Tax, Customs Duty, Excise Duty.
16. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.

17. According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, and Excise Duty, which have not been deposited on account of any dispute. According to the information and explanations given to us, the following dues of Excise Duty have not been deposited by the Company on account of disputes:

Sl. No.	Name of Statute	Nature of dues	Amount Rs. in Lakhs	Period	Forum where dispute is pending
(i)	Central Excise Act	Excise Duty	129.30	2005-06 to 2009-10 and April to October 2010	Commissioner, Chennai
(ii)	Central Excise Act	Differential Excise Duty	25.41	April to November 2007 and April 2008 and May 2008.	Commissioner (Appeals), Chennai

18. The Company does not have accumulated losses at the end of the year. The Company has not incurred any cash loss during the financial year and in the immediately preceding financial year.
19. The Company has not defaulted in the repayment of dues to the Banks. There were no dues to Financial Institutions and Debenture Holders.
20. The Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
21. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
22. In our opinion and according to the information and explanations given to us the Company is not a dealer or trader in shares, securities and debentures. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
23. In our opinion and according to the information and explanations given to us the Company has not given any guarantee for any loans taken by others from banks and financial institutions during the financial year.
24. The Company has not any raised any new term loan and hence the question on the application of loan would not arise.
25. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
26. In our opinion and according to the information and explanations given to us the Company has not made preferential allotment of shares to companies, firms covered in the register maintained under Section 301 of the Companies Act, 1956.
27. The company has not made any public issue of shares during the year and hence the question of verifying the end use of the funds does not arise.
28. According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year.
29. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year.

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

Place: Chennai
Date: May 27, 2014

R. Rajaram
Partner
M.No.25210

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Lakhs)

		Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I		EQUITY AND LIABILITIES			
	1	Shareholders Funds			
		(a) Share Capital	2	5,918.68	5,918.68
		(b) Reserves and Surplus	3	246.27	144.10
				6,164.95	6,062.78
	2	Non-current liabilities			
		(a) Long-term borrowings		-	-
		(b) Deferred tax liabilities (Net)	4	367.35	323.34
		(c) Other Long term liabilities	5	71.63	71.63
				438.98	394.97
	3	Current liabilities			
		(a) Short-term borrowings	6	1,780.51	790.30
		(b) Trade payables	7	1,374.18	1,435.38
		(c) Other current liabilities	8	634.12	452.10
		(d) Short-term provisions	9	694.42	522.69
			4,483.23	3,200.47	
	Total:		11,087.16	9,658.22	
II		ASSETS			
	1	Non-current assets			
		(a) Fixed assets	10		
		(i) Tangible assets		4,700.73	4,844.38
		(ii) Intangible assets		-	-
		(iii) Capital work-in-progress		577.45	-
				5,278.18	4,844.38
		(b) Non-current investments	11	463.00	-
				463.00	-
		(c) Long-term loans and advances	12	14.42	20.79
				14.42	20.79
	2	Current assets			
		(a) Current investments	13	630.23	317.85
		(b) Inventories	14	600.52	1,041.90
		(c) Trade receivables	15	3,087.60	2,141.88
	(d) Cash and Bank Balances	16	219.97	444.03	
	(e) Short-term loans and advances	17	449.09	291.40	
	(f) Other Current assets	18	344.15	556.00	
			5,331.56	4,793.05	
	Total:		11,087.16	9,658.22	
	Significant accounting policies & Notes to Accounts	1-42			

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
Chairman & Managing Director

P N Devarajan
Director

R. Rajaram
Partner
M.No. 25210

Place : Chennai
Date : May 27, 2014

S. Sundaramurthy
Company Secretary

Jayalakshmi Ramaswamy
Chief Financial Officer

(₹in Lakhs)

	Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I.	Revenue from operations (Gross)	19	36,784.43	25,914.68
	Less: Excise Duty		3,076.60	2,176.60
	Revenue from operations (Net)		33,707.83	23,738.08
II.	Other income	20	270.62	237.36
III.	Total Revenue (I + II)		33,978.46	23,975.44
IV.	Expenses:			
	Cost of materials consumed	21	26,053.41	18,768.06
	Changes in inventories of finished goods	22	183.09	(124.56)
	Other Direct Manufacturing Expenses	23	3,105.14	2,236.81
	Employee benefits expense	24	712.49	546.11
	Finance costs	25	124.71	129.84
	Depreciation and amortization expenses	10	199.21	249.21
	Other expenses	26	2,404.56	1,519.71
	Total expenses		32,782.61	23,325.18
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,195.85	650.26
VI.	Exceptional items		-	87.98
VII	Profit before tax (V-VI)		1,195.85	738.24
VIII	Tax expense:			
	a. Current Tax		366.48	367.81
	Less MAT Credit Entitlement		(5.29)	-
	b. Tax in respect of earlier Years (net)		-	(15.13)
	c. Deferred Tax		44.02	(135.00)
	Total Tax Expenses		405.21	217.68
IX	Profit (Loss) for the year (VII - VIII)		790.64	520.56
X	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(1) Basic (Rs.per Share)		1.34	0.88
	(2) Diluted(Rs.Per Share)		1.34	0.88
	Significant accounting policies & Notes to Accounts	1-42		

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
 Chairman & Managing Director

P N Devarajan
 Director

R. Rajaram
 Partner
 M.No. 25210

 Place : Chennai
 Date : May 27, 2014

S. Sundaramurthy
 Company Secretary

Jayalakshmi Ramaswamy
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lakhs)

Particulars	31.03.2014		31.03.2013	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Extra-ordinary items		1,195.85		738.24
Adjustments for :				
Depreciation and Amortisation Expenses	199.21		249.21	
Rental Income	(135.54)		(123.02)	
Interest Income	(14.18)		(18.05)	
Dividend Income	(26.04)		(14.94)	
Finance Costs	98.52		114.94	
Net gain on sale of Current Investments	(7.64)		(18.65)	
Exchange Fluctuation Gain (Net)	(84.26)		(62.71)	
Liability no Longer required Written Back	-		(0.90)	
Provision Written off / (back) for Diminution in value of Investments	-		0.66	
		30.08		126.54
Operating Profit before Working Capital changes		1,225.93		864.78
Changes in Working Capital				
- Adjustments for (increase) / decrease in operating assets				
Inventories	441.38		(303.94)	
Trade receivables	(945.72)		(1,068.27)	
Exchange Fluctuation Gain (Net)	84.26		62.71	
Short-term loans and advances	(157.69)		5.55	
Other current assets	211.85		1.27	
Long-term loans and advances	6.37		(156.44)	
- Adjustments for increase / (decrease) in operating Liabilities				
Trade payables	(61.20)		387.51	
Other current liabilities	182.02		688.77	
Other Long term liabilities	-		19.84	
Short-term provisions	160.52		(341.05)	
In / Dec Other Payable		(78.22)		(704.04)
Less: Taxes Paid		350.00		135.00
Net Cash Generation from Operating Activities - A		797.71		25.74

(₹ in Lakhs)

Particulars	31.03.2014	31.03.2013
B CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets	(633.01)	905.53
Redemption of Investment	(775.38)	(208.35)
(Increase) / Decrease in Bank Balances considered as cash and cash equivalents		
Rental Income	135.54	123.02
Interest Income	14.18	18.05
Dividend Income	26.04	14.94
Net gain on sale of Current Investments	7.64	18.65
Provision Written off / (back) for Diminution in value of Investments	-	(0.66)
Net Cash from investing activities - B	(1,224.99)	871.18
C CASH FLOW FROM FINANCING ACTIVITIES		
Long-term borrowings	-	(525.71)
Short-term borrowings	990.21	312.56
Finance Costs Paid	(98.52)	(114.94)
Dividend paid	(688.47)	(516.36)
Net Cash from Financing activities - C	203.22	(844.45)
D Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C	(224.06)	52.48
E Cash and Cash equivalents at the beginning of the year	444.03	391.55
F Cash and Cash equivalents at the close of the year (Refer Note-16)	219.97	444.03

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
 Chairman & Managing Director

P N Devarajan
 Director

R. Rajaram
 Partner
 M.No. 25210

 Place : Chennai
 Date : May 27, 2014

S. Sundaramurthy
 Company Secretary

Jayalakshmi Ramaswamy
 Chief Financial Officer

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

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

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

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the accounting standards notified by the Central Government of India, under the Companies (Accounting Standards) rules 2006 and relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

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

3. FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. The company capitalizes all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized.

Borrowing costs are capitalized as part of qualifying fixed assets. Other borrowing costs are expensed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work- in- Progress".

Fixed assets are depreciated pro rata to the period of use, based on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Assets costing less than Rs.5000 are fully depreciated in the year of addition.

4. IMPAIRMENT OF ASSETS

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

5. INVENTORIES

(i) Raw Materials and Chemicals, Fuel and Stores and Spares are valued at weighted average cost. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition

(ii) Finished Stocks are valued at cost (including applicable overheads and excise duty) or net realizable values whichever is lower. Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock.

(iii) Modvat / Cenvat / Service Tax credits on materials are availed on purchases and utilized for payment of excise duty on goods manufactured and the unutilized credit is carried forward in the books.

6. RESEARCH AND DEVELOPMENT

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

7. REVENUE RECOGNITION

i) Sale of Finished Goods is recognized upon despatch of goods. Sales are Accounted net of Excise Duty, returns, Sales Tax and freight.

ii) Interest income is recognized using time proportion method.

iii) Dividend Income is accounted when the right to receive is established.

8. FOREIGN EXCHANGE TRANSACTION

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

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

9. INVESTMENTS

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

10. EMPLOYEE BENEFITS**DEFINED CONTRIBUTION PLAN**

- a. Fixed contributions to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the company.
- b. Super Annuation Fund: The Company makes contribution to a scheme administered by the Underwriters to discharge its liabilities towards super annuation to the employees. The Company has no other liability other than its annual contribution.

DEFINED BENEFIT PLAN

Gratuity: The Company makes contribution to a scheme administered by the Underwriters to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

SHORT TERM BENEFITS

Short term employee benefits (Leave Encashment) are recognized as expense as per the company's scheme based on expected obligation on undiscounted basis.

11. TAXATION

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

12. SEGMENT REPORTING

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

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

14. LEASE

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

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

Note 2:

I	SHARE CAPITAL	As at 31st March, 2014		As at 31st March, 2013	
		Number	Rs.in Lacs	Number	Rs.in Lacs
a	AUTHORISED:				
	PREFERENCE SHARE CAPITAL Redeemable Preference shares of Rs.100/- each	6,00,000	600.00	6,00,000	600.00
b	EQUITY SHARE CAPITAL Equity Shares of Rs.10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	ISSUED Equity Shares of Rs.10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
c	SUBSCRIBED AND PAID UP Equity Shares of Rs.10/- each Fully Paid up	5,88,46,400	5,884.64	5,88,46,400	5,884.64
d	SUBSCRIBED AND PARTLY PAID UP AND HENCE FORFIETED	-	34.04	-	34.04
Total (c + d)		5,88,46,400	5,918.68	58,846,400	5,918.68

II Reconciliation of Number of Shares				
Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Value (Rs.in Lacs)	Number	Value (Rs.in Lacs)
Equity Shares				
Share Holding at the beginning of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68
Share Holding at the end of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68

III List of shareholders holding more than 5% of the total No. of Shares issued by the Company.

	Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%
2	Spellbound Trading Pvt. Ltd.	1,05,50,812	17.93%	67,59,773	11.49%
3	Parasakthi Trading Co Pvt. Ltd.	60,00,000	10.20%	60,00,000	10.20%
4	Riti Holdings & Trading Pvt.Ltd	60,00,000	10.20%	60,00,000	10.20%
5	Ragini Synthetics Trading Pvt.Ltd	60,00,000	10.20%	60,00,000	10.20%

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 3:		
RESERVES & SURPLUS		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance	0.40	0.40
b. Surplus in Statement of Profit and loss		
Opening balance	143.70	139.50
Add: Net Profit For the year	790.64	520.56
Less: Proposed Dividend	588.46	441.35
Less: Dividend Tax on Proposed Dividend	100.01	75.01
Closing Balance	245.87	143.70
Total (a+b)	246.27	144.10
Note 4:		
Deferred Tax Liability (Net)		
- Depreciation on Fixed Assets	372.86	330.97
Deferred Tax Asset		
- Provision for Employee Benefits,etc	5.51	7.63
Deferred Tax Liability (Net)	367.35	323.34
Note - 5		
Other Long Term Liabilities		
Others		
Deposits	52.56	52.56
Other Payables	19.07	19.07
Total	71.63	71.63
Note - 6		
Short Term Borrowings		
(a) Loans repayable on demand from Banks - Secured		
i) Cash Credit - Indian Bank	536.38	642.92
The facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
ii) Packing Credit - Indian Bank	644.13	125.26
The facilities are secured by first charge on Hypothecation of Stocks and Book Debts		
(b) Other loans and advances - Secured		
Bills Discounting - Indian Bank	-	22.12
Secured by hypothecation of Stocks and Book Debts		
(C) Unsecured Loan		
Unsecured Loan from Related Party	600.00	-
Total	1,780.51	790.30

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note - 7		
Trade payables		
(a) Trade Payables	1,374.18	1,435.38
Total	1,374.18	1,435.38
Note - 8		
Other Current Liabilities		
(a) Unpaid dividends	22.18	13.34
Represent dividend declared to share holders which remained unclaimed		
(b) Other payables		
Statutory Liabilities	113.28	97.57
Advance from Customers	214.21	182.90
Employee Benefits -Funded	-	6.94
Others	284.45	151.35
Total	634.12	452.10
Note - 9		
Short Term Provisions		
Proposed Dividend	588.46	441.35
Tax on Proposed Dividend	100.01	75.01
Provision for Employee Benefits	5.95	6.34
Total	694.42	522.69
Note - 11		
Long Term Investments		
Investments in Foreign Subsidiary		
Kothari Petrochemicals Pte Ltd, Singapore 75,000 shares of USD 10 each fully paid up (unquoted, at cost)	463.00	-
Note - 12		
Long Term Loans and Advances		
Unsecured, considered good		
Advance Tax and Tax Deducted at Source (Net of Provision and MAT credit)	14.42	15.49
Minimum Alternative Tax (MAT) Entitlement	-	5.30
Total	14.42	20.79

**Note 10:
Fixed Assets**

₹.in Lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2013	Additions	Deletions / Adjustment	As on 31.03.2014	As on 01.04.2013	Depreciation charge for the year	Deductions on Disposals	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
a Tangible Assets										
Land	278.47	-	-	278.47	-	-	-	-	278.47	278.47
Share of UDS of Building Given on Lease	192.53	-	-	192.53	-	-	-	-	192.53	192.53
Buildings	1,321.68	42.89	-	1,364.57	131.17	41.83	-	173.00	1,191.57	1,190.51
Buildings given on Lease	1,445.24	-	-	1,445.24	27.11	23.56	-	50.66	1,394.57	1,418.13
Plant & Machinery	2,266.16	7.55	-	2,273.71	608.02	119.96	-	727.98	1,545.73	1,658.14
Furniture & Fittings	42.64	-	-	42.64	5.46	2.47	-	7.93	34.71	37.17
Vehicles	58.33	-	-	58.33	30.02	4.69	-	34.70	23.63	28.32
Office Equipment	23.22	0.80	-	24.03	6.87	1.11	-	7.98	16.05	16.36
Computers	41.42	4.32	-	45.74	16.67	5.59	-	22.27	23.47	24.75
Total - a	5,669.69	55.56	-	5,725.26	825.31	199.22	-	1,024.53	4,700.73	4,844.38
b Intangible Assets										
Intangible Assets-Software	5.00	-	-	5.00	5.00	-	-	5.00	-	-
Total - b	5.00	-	-	5.00	5.00	-	-	5.00	-	-
Capital W.I.P	-	-	-	-	-	-	-	-	577.46	-
Total (a+b+c+d)	5,674.69	55.56	-	5,730.26	830.31	199.22	-	1,029.53	5,278.19	4,844.38
Previous year	6,668.20	216.49	1,210.00	5,674.69	669.08	249.21	87.98	830.31	4,844.38	5,999.13

Note 13:

(Rs. in Lakhs)

UNITS		NET ASSET VALUE		CURRENT INVESTMENTS	COST	
As at 31.03.2014 Nos.	As at 31.03.2013 Nos.	As at 31.03.2014	As at 31.03.2013		As at 31.03.2014	As at 31.03.2013
				INVESTMENTS IN MUTUAL FUNDS		
88,731	-	218.42	-	Birla Sun Life Savings Fund - Growth - Direct	218.14	-
-	250,238	-	108.64	MF- Birla Sun Life Short Term Fund-Gw	0.00	108.64
-	112,895	-	27.47	MF- Reliance Medium Term Fund - Retail Plan - Growth	-	27.47
	5,532	-	55.41	MF- Tata Treasury Manager Ship - Monthly Dividend	-	55.75
1,162,062	-	254.70	-	HDFC Floating Rate Income Fund -STP-Ws-Direct-Gr	254.22	-
-	1,172,101	-	118.98	MF- HDFC Floating Rate Income Fund - STP- Ws - Monthly Div	0.00	118.97
-	32,082	-	7.35	Franklin India Prima Plus Fund - Dividend	-	10.00
8,507	-	150.14	-	Reliance Money Manager Fund - MDR-Direct	149.87	-
80000	-	8.58	-	ICICI Prudential FMP - Series 68-369 Days Plan 1-Cumulative	8.00	-
		631.84	317.85		630.23	320.83
				Less : Provision for dimution in the value of Investments	-	2.98
				Total	630.23	317.85
				Particulars		
				Cost	630.23	320.83
				Aggregate Net Asset Value	631.84	317.85

Note 14: Inventories	As at 31-Mar-14	As at 31-Mar-13
a. Raw Materials and components	256.16	325.59
b. Raw Materials in transit	169.82	401.06
c. Finished goods	54.73	237.82
d. Stores and spares	116.25	73.88
e. Others - Packing Material	3.56	3.55
Total	600.52	1,041.90

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 15:		
Trade Receivables Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	3,086.52	2,141.88
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	1.08	-
Total	3,087.60	2,141.88
Note 16:		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	0.43	0.45
b. Balances with banks		
(i) Current Accounts	92.73	235.96
(ii) Deposit account with less than 3 months maturity	-	100.00
	93.16	336.41
ii Other Bank Balances		
a. Unpaid dividend accounts	22.18	13.34
b. Balances with Bank to the extent held as Margin Money	104.63	94.28
	126.81	107.62
Total (i + ii)	219.97	444.03
Note 17:		
Short Term loans and advances Unsecured, considered good		
i Advances recoverable in cash or kind or for value to be received	51.14	-
ii Deposits	180.93	114.86
iii Prepaid Expenses	18.27	17.64
iv Balance with Statutory Authorities		
- With Customs & Central Excise Authorities	198.75	158.90
Total	449.09	291.40
Note 18:		
Other Current Assets		
a. Other Current Assets	344.15	556.00
Total	344.15	556.00

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 19:		
Revenue from Operations		
Sale of Products		
Polybutene	28,281.80	19,004.84
LPG	7,635.22	6,183.36
Light Polymer	647.10	581.63
Others	62.82	39.84
Other Operating revenues		
Sale of Scrap	11.79	14.41
Duty Drawback on Exports	122.80	65.63
Insurance Claim	0.48	17.74
Excise Duty on Stock Differential	20.14	-
Liabilities no Longer required written Back	-	0.90
Miscellaneous Income	2.28	6.34
Total	36,784.43	25,914.68
Note 20:		
Other income		
Rental Income	135.54	123.02
Interest Income	14.18	18.05
Dividend Income	26.04	14.94
Net gain on sale of Current Investments	7.64	18.65
Prov on dimunition of Investment written back	2.98	-
Exchange Fluctuation gain/loss	84.26	62.71
Total	270.62	237.36
Note 21:		
Cost of Materials Consumed		
C4 Feed	25,939.31	18,698.55
Aluminium Chloride	18.64	14.96
Caustic Soda	94.25	53.18
Others	1.21	1.38
Total	26,053.41	18,768.06
Note 22:		
Changes in inventories of Finished Goods		
Opening Stock	237.82	113.26
Closing Stock	54.73	237.82
Total	183.09	(124.56)
Note 23:		
Other Direct Manufacturing Expenses		
Power & Fuel	2,015.88	1,832.45
Water	82.61	75.41
Stores Consumed	1,006.65	328.94
Total	3,105.14	2,236.81

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 24:		
Employee Benefits Expense		
Salaries, Wages and Bonus	601.02	455.64
Contributions to Provident & Other Funds	44.15	45.46
Staff welfare expenses	67.32	45.01
Total	712.49	546.11
Note 25:		
Finance Costs		
Interest expense	98.52	114.94
Other borrowing costs	26.19	14.90
Total	124.71	129.84
Note 26:		
Other Expenses		
Rent	113.65	40.78
Repairs & Maintenance - P&M	527.42	200.56
Repairs & Maintenance - Buildings	39.69	26.37
Repairs & Maintenance - Others	18.70	20.84
Insurance	34.90	22.78
Packing Materials	212.73	180.84
Freight Charges	323.34	219.32
Rates & Taxes	206.09	7.95
Travelling Expenses	322.78	273.80
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.45
- Tax Audit	0.10	0.10
Sitting Fee to Directors	2.95	2.35
Legal and Professional charges	74.09	87.63
Commission and Discount	320.44	305.30
Provision for Diminution in value of Investments	-	0.66
Printing & Stationery	15.02	6.21
Telephone Expenses	14.71	6.79
Donation	35.11	35.06
Miscellaneous Expenses	140.14	79.91
Total	2,404.56	1,519.71

Note 27: Excise Duty

Excise Duty on Sales for the year has been 'disclosed as reduction' from the Turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in " other operating revenue under Note -19" for the current Year.

Note 28 : Commitments

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

Note 29 : Contingent Liabilities

- a. Bank guarantees Rs. 395.88 (Previous year. Rs. 383.58 Lacs)
- b. Sales-tax and Excise Duty demands against which the Company has filed appeals and for which no provision is considered, as the outcome of the appeals is not ascertainable at this stage is Rs.154.72 lacs (Previous Year Rs. 157.88 lacs)

Note 30 : Value of Raw Materials, Chemicals and Stores and Spares consumed:

Particulars	31-03-2014		31-03-2013	
	Value (Rs. in Lacs)	%	Value (Rs. in Lacs)	%
Raw Materials & Chemicals				
a) Imported	-	-	-	-
b) Indigenous	26,053.41	100%	18,768.06	100%
Total	26,053.41	100%	18,768.06	100%
Stores & Spares				
a) Imported	48.54	4.83%	1.86	0.57%
b) Indigenous	958.11	95.17%	327.08	99.43%
Total	1,006.65	100%	328.94	100%

Note 31: CIF Value of Imports

(₹. in Lacs)

Particulars	31-03-2014	31-03-2013
a) Stores	48.54	1.86
b) Capital Goods	NIL	NIL

Note 32: Expenditure incurred in Foreign Currency

Particulars	31-03-2014	31-03-2013
Travelling	118.76	30.92
Professional charges	6.72	38.69
Commission	82.64	54.88

Note 33: Earnings in Foreign Currency Realised during the year

Particulars	2013-14	2012-13
Export Sales	6,402.76	3,850.52

Note 34 : Related Party Transactions:

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

- | | | |
|---|--|--|
| (i) Parties with Significant influence
(Direct and Indirect) | Promoter Company
Associate Company
Associate Company
Associate Company
Associate Company
Associate Company
Associate Company
Associate Company
Associate Company
Associate Company
Wholly owned Subsidiary
Step down Subsidiary | Kothari Sugars & Chemicals Ltd.
Kothari International Trading Ltd.
Santoor Commercials Pvt. Ltd.
Kothari Biotech Ltd.
Kothari Safe Deposits Ltd.
Century Foods Pvt. Ltd.
Parvathi Trading & Finance Co. Pvt. Ltd.
HCK NAPC Mines and Ores Pvt. Ltd.
Parasakthi Trading Co. Pvt. Ltd.
Kothari Petrochemicals Pte. Ltd., Singapore
Kothari Petrochemicals HK Ltd., Hong Kong |
| (ii) Key Management Personnel | Chairman & Managing Director | Mr. B.H.Kothari |

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Parvathi Trading & Finance Co. Pvt. Ltd.		Kothari Safe Deposits Ltd.		HCK NAPC Mines & Ores Pvt. Ltd.		Kothari Biotech Ltd.	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rent	-	-	12.35	7.80	-	-	9.70	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	2.85	-	-	-	-	-	-
Common Expenses	56.21	12.12	-	-	-	-	-	-	-	-	0.38	-
Locker Rent	-	-	-	-	-	-	0.09	0.08	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	151.80	-	-	-	-	-	-	-	-	-	-	-
Sales Revenue (Exports)	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	24.68	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances-Receivable	-	-	-	-	-	-	-	0.13	-	-	-	-
Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	13.80	-	-	-	-	-

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)									
	Kothari International Trading Ltd.		Parasakthi Trading Co. Pvt. Ltd.		Santoor Commercials Pvt. Ltd.		Key Management Personnel		Kothari Petrochemicals Pte. Ltd.	Kothari Petrochemicals HK Ltd.
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2013-14
Rent	-	-	30.00	7.50	28.00	-	-	-	-	-
Commission Paid	173.61	254.51	-	-	-	-	-	-	-	-
Interest	-	-	8.01	-	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-	0.42	0.42	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Sales Revenue (Exports)	-	-	-	-	-	-	-	-	-	47.07
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	463.00	-
Outstanding Balances-Receivable	-	-	-	-	-	-	-	-	-	-
Unsecured Loan	-	-	600.00	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	-	-	-	-

Note 35: Employee Benefits:

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

The Company has recognized Rs.Nil amount (Previous Year Rs.6.94 Lacs) in the Statement of Profit & Loss for the Year ended 31st March, 2014.

(₹. in Lacs)

Particulars	2013-14	2012-13
Projected benefit obligation at the beginning of the period	323.31	273.05
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Actuarial loss / (gain)	-56.49	12.60
Benefits paid	-39.01	-18.64
Projected benefit obligation at the end of the period	301.32	323.31
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	301.32	323.31
Fair value of plan assets at end of the period	312.28	285.20
Liability recognized in the balance sheet	-10.95	38.21
Cost for the period		
Current service cost	47.68	32.28
Interest cost	25.83	23.82
Expected return on plan assets	-24.76	-18.71
Net actuarial (gain)/loss recognized in the period	-59.70	1.73
Total	-10.95	39.32
Less: Share of contribution from Associate Company	3.61	-32.38
Net Cost recognized in Statement of Profit & Loss	Nil	6.94

Note 36: Segment Reporting**Segment Information****a) Primary segment reporting (by Business Segments)**

(i) The Company has considered business segment as the primary segment for disclosure

These are:

(i) Poly Iso Butane (PIB)

(ii) Power Generation (Windmill) This segment has been discontinued as on 21st February 2013

₹.in lacs

Particulars	Business Segments - 2013-14		Business Segments - 2012-13	
	Power Generation (Windmill)	Poly Iso Butane (PIB)	Power Generation (Windmill)	Poly Iso Butane (PIB)
Revenue	-	33,978.46	-	23,975.44
Segment Result	-	925.23	(56.30)	643.86
Unallocable expenses (net)	-	-	-	86.68
Other Income (net)	-	270.62	-	237.36
Profit before tax	-	1195.85	(56.30)	794.54
Tax Expenses	-	405.21	-	217.68
Profit for the year	-	790.64	(56.30)	576.86

Particulars	Business Segments - 2013-14		Business Segments - 2012-13	
	Power Generation (Windmill)	Poly Iso Butane (PIB)	Power Generation (Windmill)	Poly Iso Butane (PIB)
Segment Assets	-	11,087.16	-	9,658.22
Unallocable assets	-	-	-	-
Total Assets	-	11,087.16	-	9,658.22
Segment Liabilities	-	4,922.21	-	3,595.44
Unallocable Liabilities	-	-	-	-
Total Liabilities	-	4,922.21	-	3,595.44

b) Secondary Reporting segment (by Geographical Segment)

₹.in lacs

Geographical Segments	Revenue for the year ended March 31,2014	Revenue for the year ended March 31,2013
Outside India	6402.76	4405.28
India	27575.70	19570.16
Total	33978.46	23975.44

Note 37: Micro, Small and Medium Enterprises Development Act, 2006:

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

Note 38 : Operating Lease

A sum of Rs. 113.63 lacs (Previous Year Rs.36.90 lacs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.

Note 39 : Earning Per Share

Net Profit after Tax for the year has been used as the numerator and number of Shares has been used as denominator for calculating the basic and diluted earning per Share.

Particulars	31-03-2014	31-03-2013
Face Value Per Share (Rs.)	10	10
Weighted Average no. of Shares	5,88,46,400	5,88,46,400
Profit After Tax (Rs. in lacs)	789.17	520.56
Basic and Diluted Earnings Basic and Diluted Earnings per share (Rs.)	1.34	0.88

Note 40 : Acknowledgement of Balances

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

Note 41 : Urban Land Tax

No provision is considered necessary towards urban land tax for the land in which Manali factory is situated pending disposal of a court case filed by the erstwhile owners and completion of the Process for registration of land.

Note 42 :

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

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
Chairman & Managing Director

P N Devarajan
Director

R. Rajaram
Partner
M.No. 25210

Place : Chennai
Date : May 27, 2014

S. Sundaramurthy
Company Secretary

Jayalakshmi Ramaswamy
Chief Financial Officer

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

HOLDING COMPANY:- Kothari Petrochemicals Limited		
SUBSIDIARY COMPANY :- 1. Kothari Petrochemicals Pte Ltd., Singapore. 2. Kothari Petrochemicals HK Ltd., Hong Kong (Step down Subsidiary) (*)		
Particulars	Kothari Petrochemicals Pte Ltd., Singapore	Kothari Petrochemicals HK Ltd., Hong Kong (Step down Subsidiary) (*)
1. Financial Year of the subsidiary ended on	31-03-2014	31-03-2014
2. Year from which they become Subsidiary Companies	2013	2013
3. Share of the Subsidiaries held by the holding company at the end of the Financial Year of Subsidiary Companies :		
a : No. of shares	75,000	7,500
b : Face Value of shares	USD.10/-	USD.10/-
c : Extent of Interest of holding company	100%	100%
d : Quoted	Unquoted	Unquoted
4. The net aggregate amount of profit/(loss) for the subsidiaries so far as its concerns members of the holding company.		
a : Not dealt with holding Company's accounts		
(i) For the financial year ended 31.03.2014 (Rs.in lakhs)	Not Applicable (first year)	Not Applicable (first year)
(ii) For the previous financial year of the Subsidiary Company since they became the holding Company's subsidiary. (Rs.in lakhs)	Not Applicable (first year)	Not Applicable (first year)
b : Dealt within the holding Company's accounts		
(i) For the financial year ended 31.03.2014 (Rs.in lakhs)	(0.71)	Nil
(ii) For the previous financial year of the Subsidiaries since they became the holding Company's subsidiary.	Not Applicable (first year)	Not Applicable (first year)
5. a. Holding Company's interest in Subsidiaries as at end of the Financial year of Holding Company.	Same as 3(c) above	Same as 3(c) above
b. Material change in respect of Subsidiaries (Rs.in lakhs)	Not Applicable (first year)	Not Applicable (first year)
(i) Fixed Assets	-	-
(ii) Investments	-	-
(iii) Moneys lent	-	-
(iv) Moneys Borrowed	-	-

(*) KPL India does not hold any shares in KPL HK Ltd., Hong Kong. The shares are held by KPL Pte. Ltd., Singapore which is subsidiary of KPL India.

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
 Chairman & Managing Director

P N Devarajan
 Director

R. Rajaram
 Partner
 M.No. 25210

 Place : Chennai
 Date : May 27, 2014

S. Sundaramurthy
 Company Secretary

Jayalakshmi Ramaswamy
 Chief Financial Officer

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**To the Board of Directors of
Kothari Petrochemicals Limited**

We have audited the accompanying consolidated financial statements of Kothari Petrochemicals Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of the subsidiaries, whose financial statement / financial information reflect total assets (net) of Rs 495.11 lacs as at March 31, 2014, and total revenues of Rs 49.18 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of other auditors.

Our opinion is not qualified in respect of this matter.

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

Place: Chennai
Date: May 27, 2014

R. Rajaram
Partner
M.No.25210

(₹ in Lakhs)

		Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I		<u>EQUITY AND LIABILITIES</u>			
	1	Shareholders Funds			
		(a) Share Capital	2	5,918.68	5,918.68
		(b) Reserves and Surplus	3	233.31	144.10
				6,151.99	6,062.78
	2	Non-current liabilities			
		(a) Long-term borrowings		-	-
		(b) Deferred tax liabilities (Net)	4	367.35	323.34
		(c) Other Long term liabilities	5	71.63	71.63
				438.98	394.97
	3	Current liabilities			
		(a) Short-term borrowings	6	1,780.51	790.30
		(b) Trade payables	7	1,374.18	1,435.38
		(c) Other current liabilities	8	637.49	452.10
	(d) Short-term provisions	9	694.42	522.69	
			4,486.60	3,200.47	
	Total:		11,077.57	9,658.22	
II		<u>ASSETS</u>			
	1	Non-current assets			
		(a) Fixed assets	10		
		(i) Tangible assets		4,700.73	4,844.38
		(ii) Intangible assets		-	-
		(iii) Capital work-in-progress		577.45	-
				5,278.18	4,844.38
		(b) Non-current investments	11	-	-
		(c) Long-term loans and advances	12	14.42	20.79
				14.42	20.79
	2	Current assets			
		(a) Current investments	13	630.23	317.85
		(b) Inventories	14	600.52	1,041.90
		(c) Trade receivables	15	3,090.30	2,141.88
	(d) Cash and Bank Balances	16	670.68	444.03	
	(e) Short-term loans and advances	17	449.09	291.40	
	(f) Other Current assets	18	344.15	556.00	
			5,784.97	4,793.05	
	Total:		11,077.57	9,658.22	
	Significant accounting policies & Notes to Accounts	1-42			

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
 Chairman & Managing Director

P N Devarajan
 Director

R. Rajaram
 Partner
 M.No. 25210

 Place : Chennai
 Date : May 27, 2014

S. Sundaramurthy
 Company Secretary

Jayalakshmi Ramaswamy
 Chief Financial Officer

(₹in Lakhs)

	Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I.	Revenue from operations (Gross)	19	36,786.54	25,914.68
	Less: Excise Duty		3,076.60	2,176.60
	Revenue from operations (Net)		33,709.95	23,738.08
II.	Other income	20	271.22	237.36
III.	Total Revenue (I + II)		33,981.17	23,975.44
IV.	Expenses:			
	Cost of materials consumed	21	26,053.41	18,768.06
	Changes in inventories of finished goods	22	183.09	(124.56)
	Other Direct Manufacturing Expenses	23	3,105.14	2,236.81
	Employee benefits expense	24	712.49	546.11
	Finance costs	25	124.71	129.84
	Depreciation and amortization expenses	10	199.21	249.21
	Other expenses	26	2,407.98	1,519.71
	Total expenses		32,786.03	23,325.18
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,195.14	650.26
VI.	Exceptional items		-	87.98
VII	Profit before tax (V-VI)		1,195.14	738.24
VIII	Tax expense:			
	a. Current Tax		366.48	367.81
	Less MAT Credit Entitlement		(5.29)	-
	b. Tax in respect of earlier Years (net)		-	(15.13)
	c. Deferred Tax		44.02	(135.00)
	Total Tax Expenses		405.21	217.68
IX	Profit (Loss) for the year (VII - VIII)		789.93	520.56
X	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(1) Basic (Rs.per Share)		1.34	0.88
	(2) Diluted (Rs.Per Share)		1.34	0.88
	Significant accounting policies & Notes to Accounts	1-42		

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
Chairman & Managing Director

P N Devarajan
Director

R. Rajaram
Partner
M.No. 25210

Place : Chennai
Date : May 27, 2014

S. Sundaramurthy
Company Secretary

Jayalakshmi Ramaswamy
Chief Financial Officer

(₹ in Lakhs)

Particulars	31.03.2014		31.03.2013	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Extra-ordinary items		1195.14		738.24
Adjustments for :				
Depreciation and Amortisation Expenses	199.21		249.21	
Rental Income	(135.54)		(123.02)	
Interest Income	(14.18)		(18.05)	
Dividend Income	(26.04)		(14.94)	
Finance Costs	98.52		114.94	
Net gain on sale of Current Investments	(7.64)		(18.65)	
Exchange Fluctuation Gain (Net)	(84.86)		(62.71)	
Liability no Longer required Written Back	-		(0.90)	
Provision Written off / (back) for Diminution in value of Investments	-		0.66	
		29.48		126.54
Operating Profit before Working Capital changes		1,224.62		864.78
Changes in Working Capital				
- Adjustments for (increase) / decrease in operating assets				
Inventories	441.38		(303.94)	
Trade receivables	(948.42)		(1,068.27)	
Exchange Fluctuation Gain (Net)	84.86		62.71	
Short-term loans and advances	(157.69)		5.55	
Other current assets	211.85		1.27	
Long-term loans and advances	-		(156.44)	
- Adjustments for increase / (decrease) in operating Liabilities				
Trade payables	(61.20)		387.51	
Other current liabilities	185.39		688.77	
Other Long term liabilities	-		19.84	
Short-term provisions	154.64		(341.05)	
In / Dec Other Payable		(89.20)		(704.04)
Less: Taxes Paid		350.00		135.00
Net Cash Generation from Operating Activities - A		785.42		25.74

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014


(₹ in Lakhs)

Particulars	31.03.2014		31.03.2013	
B CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assets		(633.01)		905.53
Redemption of Investment		(312.38)		(208.35)
(Increase) / Decrease in Bank Balances considered as cash and cash equivalents				
Rental Income		135.54		123.02
Interest Income		14.18		18.05
Dividend Income		26.04		14.94
Net gain on sale of Current Investments		7.64		18.65
Provision Written off / (back) for Diminution in value of Investments		-		(0.66)
Net Cash from investing activities - B		(761.99)		871.18
C CASH FLOW FROM FINANCING ACTIVITIES				
Long-term borrowings		-		(525.71)
Short-term borrowings		990.21		312.56
Finance Costs Paid		(98.52)		(114.94)
Dividend Paid		(688.47)		(516.36)
Net Cash from Financing activities - C		203.22		(844.45)
D Net Increase / (Decrease) in Cash and Cash equivalents - A+B+C		226.65		52.48
E Cash and Cash equivalents at the beginning of the year		444.03		391.55
F Cash and Cash equivalents at the close of the year (Refer Note-16)		670.68		444.03

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
 Chairman & Managing Director

P N Devarajan
 Director

R. Rajaram
 Partner
 M.No. 25210

 Place : Chennai
 Date : May 27, 2014

S. Sundaramurthy
 Company Secretary

Jayalakshmi Ramaswamy
 Chief Financial Officer

NOTE 1:**A. CORPORATE INFORMATION:**

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

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

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

The Consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the accounting standards and reflect the financial position of Kothari Petrochemical Ltd together with its wholly owned subsidiaries. All material inter-company transactions and balances between the entities are eliminated.

2. USE OF ESTIMATES

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

3. FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. The group capitalise all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized.

Borrowing costs are capitalized as part of qualifying fixed assets. Other borrowing costs are expensed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work- in- Progress".

Fixed assets are depreciated pro rata to the period of use, based on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Assets costing less than Rs.5000 are fully depreciated in the year of addition.

4. IMPAIRMENT OF ASSETS

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

5. INVENTORIES

- (i) Raw Materials and Chemicals, Fuel and Stores and Spares are valued at weighted average cost. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition
- (ii) Finished Stocks are valued at cost (including applicable overheads and excise duty) or net realizable values whichever is lower. Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock.
- (iii) Modvat / Cenvat / Service Tax credits on materials are availed on purchases and utilized for payment of excise duty on goods manufactured and the unutilized credit is carried forward in the books.

6. RESEARCH AND DEVELOPMENT

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

7. REVENUE RECOGNITION

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

8. FOREIGN EXCHANGE TRANSACTION

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

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

9. INVESTMENTS

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

10. EMPLOYEE BENEFITS**DEFINED CONTRIBUTION PLAN**

- a. Fixed contributions to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the parent company.
- b. Super Annuation Fund: The parent company makes contribution to a scheme administered by the Underwriters to discharge its liabilities towards super annuation to the employees. The parent Company has no other liability other than its annual contribution.

DEFINED BENEFIT PLAN

Gratuity: The parent Company makes contribution to a scheme administered by the Underwriters to discharge gratuity liabilities to the employees. The Group accounts its liability for future gratuity benefits based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

SHORT TERM BENEFITS

Short term employee benefits (Leave Encashment) of the parent are recognized as expense as per the company's scheme based on expected obligation on undiscounted basis.

There are no direct employees for the subsidiaries hence these policies are not applicable to them.

11. TAXATION

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

12. SEGMENT REPORTING

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

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

14. LEASE

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

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

Note 2:

I	SHARE CAPITAL	As at 31st March, 2014		As at 31st March, 2013	
		Number	Rs.in Lacs	Number	Rs.in Lacs
a	AUTHORISED:				
	PREFERENCE SHARE CAPITAL Redeemable Preference shares of Rs.100/- each	6,00,000	600.00	6,00,000	600.00
b	EQUITY SHARE CAPITAL Equity Shares of Rs 10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	ISSUED Equity Shares of Rs 10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
c	SUBSCRIBED AND PAID UP Equity Shares of Rs 10/- each Fully Paid up	5,88,46,400	5,884.64	5,88,46,400	5,884.64
d	SUBSCRIBED AND PARTLY PAID UP AND HENCE FORFIETED	-	34.04	-	34.04
Total (c + d)		5,88,46,400	5,918.68	58,846,400	5,918.68

II Reconciliation of Number of Shares				
Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Value (Rs.in Lacs)	Number	Value (Rs.in Lacs)
Equity Shares				
Share Holding at the beginning of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68
Share Holding at the end of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68

III List of shareholders holding more than 5% of the total No. of Shares issued by the Company.

	Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%
2	Spellbound Trading Pvt. Ltd.	1,05,50,812	17.93%	67,59,773	11.49%
3	Parasakthi Trading Co Pvt. Ltd.	60,00,000	10.20%	60,00,000	10.20%
4	Riti Holdings & Trading Pvt.Ltd	60,00,000	10.20%	60,00,000	10.20%
5	Ragini Synthetics Trading Pvt.Ltd	60,00,000	10.20%	60,00,000	10.20%

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 3:		
RESERVES & SURPLUS		
a. Capital Reserves		
Opening Balance	0.40	0.40
Closing Balance	0.40	0.40
b. Foreign Currency Translation Reserve	(12.25)	-
c. Surplus in Statement of Profit and loss		
Opening balance	143.70	139.50
Add: Net Profit For the year	789.93	520.56
Less: Proposed Dividend	588.46	441.35
Less: Dividend Tax on Proposed Dividend	100.01	75.01
Closing Balance	245.16	143.70
Total	233.31	144.10
Note 4:		
Deferred Tax Liability (Net)		
- Depreciation on Fixed Assets	372.86	330.97
Deferred Tax Asset		
- Provision for Employee Benefits,etc	5.51	7.63
Deferred Tax Liability (Net)	367.35	323.34
Note - 5		
Other Long Term Liabilities		
Others		
Deposits	52.56	52.56
Other Payables	19.07	19.07
Total	71.63	71.63
Note - 6		
Short Term Borrowings		
(a) Loans repayable on demand from Banks - Secured		
i) Cash Credit - Indian Bank The facilities are secured by first charge on Hypothecation of Stocks and Book Debts	536.38	642.92
ii) Packing Credit - Indian Bank The facilities are secured by first charge on Hypothecation of Stocks and Book Debts	644.13	125.26
(b) Other loans and advances - Secured		
Bills Discounting - Indian Bank Secured by hypothecation of Stocks and Book Debts	-	22.12
(C) Unsecured Loan		
Unsecured Loan from Related Party	600.00	-
Total	1,780.51	790.30

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note - 7		
Trade payables		
(a) Trade Payables	1,374.18	1,435.38
Total	1,374.18	1,435.38
Note - 8		
Other Current Liabilities		
(b) Unpaid dividends	22.18	13.34
Represent dividend declared to share holders which remained unclaimed		
(c) Other payables		
Statutory Liabilities	113.28	97.57
Advance from Customers	214.21	182.90
Employee Benefits -Funded	-	6.94
Others	287.82	151.35
Total	637.49	452.10
Note - 9		
Short Term Provisions		
Proposed Dividend	588.46	441.35
Tax on Proposed Dividend	100.01	75.01
Provision for Employee Benefits	5.95	6.34
Total	694.42	522.69
Note - 11		
Long Term Investments	Nil	Nil
Note - 12		
Long Term Loans and Advances		
Unsecured, considered good		
Advance Tax and Tax Deducted at Source (Net of Provision and MAT credit)	14.42	15.49
Minimum Alternative Tax (MAT) Entitlement	-	5.30
Total	14.42	20.79

**Note 10:
Fixed Assets**

₹.in Lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions	Deletions / Adjustment	As on 31.03.2014	As on 01.04.2013	Depreciation charge for the year	Deductions on Disposals	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
a Tangible Assets										
Land	278.47	-	-	278.47	-	-	-	-	278.47	278.47
Share of UDS of Building Given on Lease	192.53	-	-	192.53	-	-	-	-	192.53	192.53
Buildings	1,321.68	42.89	-	1,364.57	131.17	41.83	-	173.00	1,191.57	1,190.51
Buildings given on Lease	1,445.24	-	-	1,445.24	27.11	23.56	-	50.66	1,394.57	1,418.13
Plant & Machinery	2,266.16	7.55	-	2,273.71	608.02	119.96	-	727.98	1,545.73	1,658.14
Furniture & Fittings	42.64	-	-	42.64	5.46	2.47	-	7.93	34.71	37.17
Vehicles	58.33	-	-	58.33	30.02	4.69	-	34.70	23.63	28.32
Office Equipment	23.22	0.80	-	24.03	6.87	1.11	-	7.98	16.05	16.36
Computers	41.42	4.32	-	45.74	16.67	5.59	-	22.27	23.47	24.75
Total - a	5,669.69	55.56	-	5,725.26	825.31	199.22	-	1,024.53	4,700.73	4,844.38
b Intangible Assets										
Intangible Assets-Software	5.00	-	-	5.00	5.00	-	-	5.00	-	-
Total - b	5.00	-	-	5.00	5.00	-	-	5.00	-	-
Capital W.I.P	-	-	-	-	-	-	-	-	577.46	-
Total (a+b+c+d)	5,674.69	55.56	-	5,730.26	830.31	199.22	-	1,029.53	5,278.19	4,844.38
Previous year	6,668.20	216.49	1,210.00	5,674.69	669.08	249.21	87.98	830.31	4,844.38	5,999.13

Note 13:

(Rs. in Lakhs)

UNITS		NET ASSET VALUE		CURRENT INVESTMENTS	COST	
As at 31.03.2014 Nos.	As at 31.03.2013 Nos.	As at 31.03.2014	As at 31.03.2013		As at 31.03.2014	As at 31.03.2013
				INVESTMENTS IN MUTUAL FUNDS		
88,731	-	218.42	-	Birla Sun Life Savings Fund - Growth - Direct	218.14	-
-	250,238	-	108.64	MF- Birla Sun Life Short Term Fund-GW	-	108.64
-	112,895	-	27.47	MF- Reliance Medium Term Fund - Retail Plan - Growth	-	27.47
	5,532	-	55.41	MF- Tata Treasury Manager Ship - Monthly Dividend	-	55.75
1,162,062	-	254.70	-	HDFC Floating Rate Income Fund -STP-WS-Direct-GR	254.22	-
-	1,172,101	-	118.98	MF- HDFC Floating Rate Income Fund - STP- WS - Monthly Div	-	118.97
-	32,082	-	7.35	Franklin India Prima Plus Fund - Dividend	-	10.00
8,507	-	150.14	-	Reliance Money Manager Fund - MDR-Direct	149.87	-
80000	-	8.58	-	ICICI Prudential FMP - Series 68-369 Days Plan 1-Cumulative	8.00	-
		631.84	317.85		630.23	320.83
				Less : Provision for diminution in the value of Investments	-	2.98
				Total	630.23	317.85
				Particulars		
				Cost	630.23	320.83
				Aggregate Net Asset Value	631.84	317.85

Note 14: Inventories	As at 31-Mar-14	As at 31-Mar-13
a. Raw Materials and components	256.16	325.59
b. Raw Materials in transit	169.82	401.06
c. Finished goods	54.73	237.82
d. Stores and spares	116.25	73.88
e. Others - Packing Material	3.56	3.55
Total	600.52	1,041.90

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 15:		
Trade Receivables Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	3,089.22	2,141.88
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	1.08	-
Total	3,090.30	2,141.88
Note 16:		
Cash and Bank Balances		
i Cash and Cash Equivalents		
a. Cash on Hand	0.43	0.45
b. Balances with banks		
(i) Current Accounts	543.44	235.96
(ii) Deposit account with less than 3 months maturity	-	100.00
	543.87	336.41
ii Other Bank Balances		
a. Unpaid dividend accounts	22.18	13.34
b. Balances with Bank to the extent held as Margin Money	104.63	94.28
	126.81	107.62
Total (i + ii)	670.68	444.03
Note 17:		
Short Term loans and advances Unsecured, considered good		
i Advances recoverable in cash or kind or for value to be received	51.14	-
ii Deposits	180.93	114.86
iii Prepaid Expenses	18.27	17.64
iv Balance with Statutory Authorities		
- With Customs & Central Excise Authorities	198.75	158.90
Total	449.09	291.40
Note 18:		
Other Current Assets		
a. Other Current Assets	344.15	556.00
Total	344.15	556.00

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 19:		
Revenue from Operations		
Sale of Products		
Polybutene	28,283.91	19,004.84
LPG	7,635.22	6,183.36
Light Polymer	647.10	581.63
Others	62.82	39.84
Other Operating revenues		
Sale of Scrap	11.79	14.41
Duty Drawback on Exports	122.80	65.63
Insurance Claim	0.48	17.74
Excise Duty on Stock Differential	20.14	-
Liabilities no Longer required written Back	-	0.90
Miscellaneous Income	2.28	6.34
Total	36,786.54	25,914.68
Note 20:		
Other income		
Rental Income	135.54	123.02
Interest Income	14.18	18.05
Dividend Income	26.04	14.94
Net gain on sale of Current Investments	7.64	18.65
Prov on dimunition of Investment written back	2.98	-
Exchange Fluctuation gain/loss	84.86	62.71
Total	271.22	237.36
Note 21:		
Cost of Materials Consumed		
C4 Feed	25,939.31	18,698.55
Aluminium Chloride	18.64	14.96
Caustic Soda	94.25	53.18
Others	1.21	1.38
Total	26,053.41	18,768.06
Note 22:		
Changes in inventories of Finished Goods		
Opening Stock	237.82	113.26
Closing Stock	54.73	237.82
Total	183.09	(124.56)
Note 23:		
Other Direct Manufacturing Expenses		
Power & Fuel	2,015.88	1,832.45
Water	82.61	75.41
Stores Consumed	1,006.65	328.94
Total	3,105.14	2,236.81

₹.in Lacs

Particulars	As at 31-Mar-14	As at 31-Mar-13
Note 24:		
Employee Benefits Expense		
Salaries, Wages and Bonus	601.02	455.64
Contributions to Provident & Other Funds	44.15	45.46
Staff welfare expenses	67.32	45.01
Total	712.49	546.11
Note 25:		
Finance Costs		
Interest expense	98.52	114.94
Other borrowing costs	26.19	14.90
Total	124.71	129.84
Note 26:		
Other Expenses		
Rent	113.65	40.78
Repairs & Maintenance - P&M	527.42	200.56
Repairs & Maintenance - Buildings	39.69	26.37
Repairs & Maintenance - Others	18.70	20.84
Insurance	34.90	22.78
Packing Materials	212.73	180.84
Freight Charges	323.34	219.32
Rates & Taxes	206.09	7.95
Travelling Expenses	322.78	273.80
Auditors Remuneration		
- Statutory and Limited Review Audit	2.70	2.45
- Tax Audit	0.10	0.10
Sitting Fee to Directors	2.95	2.35
Legal and Professional charges	72.09	87.63
Commission and Discount	320.44	305.30
Provision for Diminution in value of Investments	-	0.66
Printing & Stationery	15.02	6.21
Telephone Expenses	14.71	6.79
Donation	35.11	35.06
Miscellaneous Expenses	140.14	79.91
Total	2,404.56	1,519.71

Note 27: Excise Duty

Excise Duty on Sales for the year of the parent has been 'disclosed as reduction' from the Turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in "other operating revenue under Note -19" for the current Year..

Note 28 : Commitments

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

Note 29 : Contingent Liabilities

Sales-tax and Excise Duty demands against which the Company has filed appeals and for which no provision is considered, as the outcome of the appeals is not ascertainable at this stage is Rs.154.72 Lacs (Previous Year Rs.157.88 Lacs)

Note 30 : Bank Guarantees

Bank guarantees of the parent company - Rs. 395.88 (Previous Year Rs.383.58 Lacs)

Note 31 : Related Party Transactions: As per Annexure - I at Page Nos. 64 to 65

Note 32 : Employee Benefits:

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

The Company has recognized Rs. Nil amount (Previous Year Rs.6.94 Lacs) in the Statement of Profit & Loss for the Year ended 31st March, 2014.

(₹. in Lacs)

Particulars	2013-14	2012-13
Projected benefit obligation at the beginning of the period	323.31	273.05
Current service cost	47.68	32.48
Interest cost	25.83	23.82
Actuarial loss / (gain)	(56.49)	12.60
Benefits paid	(39.01)	(18.64)
Projected benefit obligation at the end of the period	301.32	323.31
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	301.32	323.31
Fair value of plan assets at end of the period	312.28	285.20
Liability recognized in the balance sheet	(10.95)	38.21
Cost for the period		
Current service cost	47.68	32.28
Interest cost	25.83	23.82
Expected return on plan assets	(24.76)	(18.71)
Net actuarial (gain)/loss recognized in the period	(59.70)	1.73
Total	(10.95)	39.32
Less: Share of contribution from Associate Company	3.61	(32.38)
Net Cost recognized in Statement of Profit & Loss	Nil	6.94

Note 33 : Segment Reporting : As per Annexure II at Page Nos. 66

Note 34 :

The parent company has promoted a subsidiary at Singapore which was formed on 16.07.2013. The subsidiary has in turn promoted a step down subsidiary on 12.08.2013. The above subsidiary transactions from their respective dates of incorporation has been considered for consolidation. Hence the previous years figures relate to the standalone only and hence are not comparable with the current years figures.

Note 35 :

The figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with group financial statements.

Note 36 :

Trade payables does not include any dues to Micro, Small and Medium Enterprises.

Note 37 : Earnings in Foreign Currency Realised during the year

(Rs. in Lacs)

	2013-14	2012-13
Export Sales	6,404.87	3,850.52

Note 38 : Operating Lease

A sum of Rs.113.63 (Previous Year Rs.36.90 Lacs) has been debited to Rent account, being the rent paid on premises which has been taken on operating lease.

Note 39 : Earning Per Share

Net Profit after Tax for the year has been used as the numerator and number of Shares has been used as denominator for calculating the basic and diluted earning per Share.

	31-03-14	31-03-13
Face Value Per Share (Rs.)	10	10
Weighted Average no. of Shares	5,88,46,400	5,88,46,400
Profit After Tax (Rs. in lacs)	789.77	520.56
Basic and Diluted Earnings Basic and Diluted Earnings Per Share (Rs.)	1.34	0.88

Note 40 : Acknowledgement of Balances

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

Note 41 : Urban Land Tax

No provision is considered necessary towards urban land tax for the land in which Manali factory is situated pending disposal of a court case filed by the erstwhile owners and completion of the Process for registration of land.

Note 42 : Previous Year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

For and on behalf of the Board

As per our Report of even date

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

B.H. Kothari
Chairman & Managing Director

P N Devarajan
Director

R. Rajaram
Partner
M.No. 25210

Place : Chennai
Date : May 27, 2014

S. Sundaramurthy
Company Secretary

Jayalakshmi Ramaswamy
Chief Financial Officer

Note 31 : Related Party Transactions - Annexure - I

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

- | | | |
|---|---|---|
| (i) Parties with Significant influence
(Direct and Indirect) | Promoter Company | Kothari Sugars & Chemicals Ltd. |
| | Associate Company | Kothari International Trading Ltd. |
| | Associate Company | Santoor Commercials Pvt. Ltd |
| | Associate Company | Kothari Biotech Ltd. |
| | Associate Company | Kothari Safe Deposits Ltd. |
| | Associate Company | Century Foods Pvt. Ltd. |
| | Associate Company | Parvathi Trading & Finance Co. Pvt. Ltd. |
| | Associate Company | HCK NAPC Mines and Ores Pvt. Ltd. |
| | Associate Company | Parasakthi Trading Co. Pvt. Ltd. |
| | Wholly owned Subsidiary | Kothari Petrochemicals Pte. Ltd., Singapore |
| Step down Subsidiary | Kothari Petrochemicals HK Ltd., Hong Kong | |
| (ii) Key Management Personnel | Chairman & Managing Director | Mr. B.H.Kothari |

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Parvathi Trading & Finance Co. Pvt. Ltd.		Kothari Safe Deposits Ltd.		HCK NAPC Mines & Ores Pvt. Ltd.		Kothari Biotech Ltd.	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rent	-	-	12.35	7.80	-	-	9.70	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	2.85	-	-	-	-	-	-
Common Expenses	56.21	12.12	-	-	-	-	-	-	-	-	0.38	-
Locker Rent	-	-	-	-	-	-	0.09	0.08	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	151.80	-	-	-	-	-	-	-	-	-	-	-
Sales Revenue (Exports)	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	24.68	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances-Receivable	-	-	-	-	-	-	-	0.13	-	-	-	-
Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	13.80	-	-	-	-	-

(₹. in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)									
	Kothari International Trading Ltd.		Parasakthi Trading Co. Pvt. Ltd.		Santoor Commercials Pvt. Ltd.		Key Management Personnel		Kothari Petrochemicals Pte. Ltd.	Kothari Petrochemicals HK Ltd.
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2013-14
Rent	-	-	30.00	7.50	28.00	-	-	-	-	-
Commission Paid	173.61	254.51	-	-	-	-	-	-	-	-
Interest	-	-	8.01	-	-	-	-	-	-	-
Common Expenses	-	-	-	-	-	-	-	-	-	-
Locker Rent	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-	0.42	0.42	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Sales Revenue (Exports)	-	-	-	-	-	-	-	-	-	47.07
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
Investment in Subsidiary (Singapore)	-	-	-	-	-	-	-	-	463.00	-
Outstanding Balances-Receiveable	-	-	-	-	-	-	-	-	-	-
Unsecured Loan	-	-	600.00	-	-	-	-	-	-	-
Rent Advance	-	-	-	-	-	-	-	-	-	-

Note 33: Segment Reporting - Annxure - II

Segment Information

a) Primary segment reporting (by Business Segments)

(i) The Company has considered business segment as the primary segment for disclosure

These are:

(i) Poly Iso Butane (PIB)

(ii) Power Generation (Windmill) This segment has been discontinued as on 21st February 2013

₹.in lacs

Particulars	Business Segments - 2013-14		Business Segments - 2012-13	
	Power Generation (Windmill)	Poly Iso Butane (PIB)	Power Generation (Windmill)	Poly Iso Butane (PIB)
Revenue	-	33,981.17	-	23,975.44
Segment Result	-	923.92	(56.30)	643.86
Unallocable expenses (net)	-	-	-	86.68
Other Income (net)	-	271.22	-	237.36
Profit before tax	-	1,195.14	(56.30)	794.54
Tax Expenses	-	405.21	-	217.68
Profit for the year	-	789.93	(56.30)	576.86

Particulars	Business Segments - 2013-14		Business Segments - 2012-13	
	Power Generation (Windmill)	Poly Iso Butane (PIB)	Power Generation (Windmill)	Poly Iso Butane (PIB)
Segment Assets	-	11,077.57	-	9,658.22
Unallocable assets	-	-	-	-
Total Assets	-	11,077.57	-	9,658.22
Segment Liabilities	-	4,925.58	-	3,595.44
Unallocable Liabilities	-	-	-	-
Total Liabilities	-	4,925.58	-	3,595.44

b) Secondary Reporting segment (by Geographical Segment)

₹.in lacs

Geographical Segments	Revenue for the year ended March 31,2014	Revenue for the year ended March 31,2013
Outside India	6,404.87	4,405.28
India	27,576.30	19,570.16
Total	33,981.17	23,975.44

If undelivered, please return to:

Kothari Petrochemicals Limited

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



KOTHARI PETROCHEMICALS LIMITED

CIN : L11101TN1989PLC017347

"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

NOTICE

Notice is hereby given that the 25th Annual General Meeting of Kothari Petrochemicals Limited will be held on Tuesday, September 02, 2014 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business

1. To consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors and
 - (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014.
2. To declare dividend on equity shares for the year ended March 31, 2014.
3. To appoint a Director in the place of Mr.B.H.Kothari, who retires by rotation and being eligible offers himself for re-appointment.
4. **Appointment of Auditors**

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

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

Special Business:

5. Appointment of Mrs.Nina Bhadrashyam Kothari as Director

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

"Resolved that Mrs.Nina Bhadrashyam Kothari (holding DIN 00020119), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 27, 2014, with effect from May 27, 2014 in terms of Article 133 of the Company and Section 161 of the Companies Act, 2013 who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation."

6. Appointment of Dr.R.K.Raghavan as Independent Director

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

"Resolved that Dr.R.K.Raghavan (holding DIN 02855164), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 27, 2014, with effect from May 27, 2014 in terms of Article 133 of the Company and Section 161 of the Companies Act, 2013 who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years upto March 31, 2019 as per Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013

7. Appointment of Mr.P.N.Devarajan as Independent Director

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

“Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.N.Devarajan (holding DIN 00003842), Director of the Company whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto March 31, 2019 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director”.

8. Appointment of Mr.Pranab Kumar Rudra as Independent Director

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

“Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Pranab Kumar Rudra (holding DIN 00382665), Director of the Company whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years upto March 31, 2019 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director”.

9. Consent under Section 180(1)(c) of the Companies Act, 2013 for a borrowings

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

“Resolved that in supersession of the Ordinary Resolution passed at the Extra-Ordinary General Meeting held on 04th December 1995 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include a duly constituted committee thereof) to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total borrowings and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of Rs.100 Crores (Rupees One Hundred Crores only) over and above the aggregate of the paid up share capital and free reserves of the Company.”

10. Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc.,

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

“Resolved that in supersession of the Ordinary Resolution passed at the 17th Annual General Meeting held on 28th August 2006 and pursuant to Section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 the consent of the members of the company be and is hereby accorded to the Board of Directors of the company (hereinafter referred to as the “Board” which term shall be deemed to include a duly constituted committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such movable and immovable properties, both present and future, and in such manner as may the Board may deem fit, together with the power to take over the management and concern of the company in certain events, in favour of Banks / Financial Institutions and / or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowings from time to time provided that the aggregate of borrowings so secured shall not exceed Rs.100 Crores (Rupees One Hundred Crores only) in addition to paid up share capital and free reserves, outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the company in respect of such borrowings.

“Resolved further that for the purpose of giving effect to the above Resolution, the Board / Committee be and is hereby authorised and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid”.

11. Approval of Remuneration to Cost Auditor

To consider and if thought fit, to pass with or without modifications the following resolution as Ordinary Resolution:

“Resolved that subject to the provisions of Section 148 and Companies (Audit & Auditors) Rules, 2014 of the Companies Act, 2013 approval is hereby given for the payment of a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imburement of out of pocket expenses to Mr.M.Pandurangan of M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant and as Cost Auditor for the Poly Iso butane (PIB) unit of the Company for the year 2014-2015 as duly reviewed, recommended and approved by the Audit Committee and the Board of Directors at the meeting on 27th May, 2014.

12. Remuneration to Mr.B.H.Kothari, Managing Director

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

Resolved that in modification of the earlier Resolutions passed by the Shareholders at the Annual General Meeting of the Company held on 07.09.2011 and in accordance with the provisions of Sections 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 (Corresponding Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956) and in accordance with the approval given by the Remuneration Committee and Board of Directors and further subject to shareholders determination and approval of the remuneration, Mr.B.H.Kothari, Chairman and Managing Director of the Company be paid remuneration from 01 April 2014 to 30 November 2016 on the following terms & conditions.

(a) Salary:

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

(b) Perquisites:

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

ii) Leave Encashment as per the Company's policy from time to time.

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

(d) Contribution to funds:

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

Resolved further that Mr.B.H.Kothari, Chairman and Managing Director shall be paid in addition to the salary, a commission not exceeding 4% of the net profits, subject to the condition that the overall remuneration payable to him including commission shall not exceed 5% of the net profits of the Company for any financial year computed in the manner prescribed under the Companies Act, 1956 / 2013.

Resolved further that in the event of there being inadequacy or absence of profits in any financial year during the currency of the tenure of the Managing Director, the above remuneration [consisting of Salary as per (a) and Perquisites as per (b) (ii), (c) and (d) above] shall be treated as minimum remuneration in accordance with Schedule V of the Companies Act, 2013 (Corresponding to Section II of Part II of Schedule XIII of the Companies Act, 1956) or such other limit as may be prescribed by the Central Government from time to time shall be paid to him.

Resolved further that the Board of Directors of the company be and is hereby authorized to alter or vary the terms and conditions of the said remuneration from time to time so long as it does not exceed the limits specified in Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 (Corresponding to Section 198 and 309 of the Companies Act, 1956) or any modification or re-enactments thereof, for the time being in force and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the resolution."

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

Place: Chennai
Date : May 27, 2014

S.Sundaramurthy
Company Secretary

Notes:

1. **THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS WILL REMAIN CLOSED FROM WEDNESDAY, THE 27TH AUGUST, 2014 TO TUESDAY, 02 SEPTEMBER, 2014 (BOTH DAYS INCLUSIVE) FOR ANNUAL CLOSING AND DETERMINING THE ENTITLEMENT OF THE SHAREHOLDERS TO THE FINAL DIVIDEND FOR THE YEAR 2013-14.**
2. With effect from April 01, 2014, inter-alia, provisions of Section 149 of the Companies Act, 2013 has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Therefore, the directors to retire by rotation have been re-ascertained on the date of this notice. Accordingly, Mr.B.H.Kothari, Managing Director will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. In terms of Clause 49 of the Listing Agreement details of director retiring by rotation at the ensuing Annual General Meeting is given in the annexure to the notice.
3. 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.
4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. 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.
5. The instrument of Proxy in order to be effective 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. A Proxy form is sent herewith. The Proxy shall not be entitled to vote except on a poll.
6. 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.
7. **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.**
8. The Dividend would be paid at a rate (10%) of Re.1/- (Rupee One Only) per Equity Shares of Rs.10/- each by not later than 01st October, 2014 to those shareholders whose names stand on the Register of Members on 26th August, 2014. Despatch of Dividend warrants would commence on 29th September, 2014 and the ECS credit would be done by 01st October 2014.
9. Members holding shares in Dematerialized form are requested to intimate all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
10. Members who have not encashed their dividend warrants pertaining to the financial years 2010-11, 2011-12 and 2012-13 are advised to write to the Company / RTA immediately claiming dividends declared by the Company.
11. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2010-11 & 2011-12, as on the date of the 24th Annual General Meeting (AGM) held on 5th September, 2013, on the website of the IEPF viz. www.iepf.gov.in under "Investors Section".
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

13. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.
14. The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.
15. 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 a copy of PAN card for all the abovementioned transactions.
16. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting is appended below.
17. Electronic copy of the Notice and Annual Report of the 25th 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 Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 25th 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 in the permitted mode.
18. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.kotharipetrochemicals.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same on free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secdept@hckgroup.com.

Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to provide members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

The instructions for members for voting electronically are as under:

A) In case of members receiving e-mail:

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

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

Then enter the Captcha Code as displayed and Click and Login

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

vi) Now, fill up the following details in the appropriate boxes:

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

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

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

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

vii) After entering these details appropriately, click on “SUBMIT” tab.

viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix) Click on the relevant EVSN on which you choose to vote.

x) On the voting page, you will see Resolution description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.

xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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

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

General

(C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorize to vote on their behalf in PDF format in the system for the scrutinizer to verify the vote. Further, they are requested to send the scanned copy of the Board Resolution/Authorization to the email id of scrutinizer (kpl.scrutinizer@gmail.com) and RTA (murali@cameoindia.com) with a copy marked to helpdesk.evoting@cDSLindia.com.

(D) The voting period commences on Tuesday, 26th August, 2014 at 9.00 A.M. and ends on Thursday, 28th August, 2014 at 6.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Friday, 1st August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (E) The voting rights of shareholder shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, 1st August, 2014.
- (F) Mr.N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (G) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333
- (H) The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (I) The result of voting shall be declared on or after AGM of the Company. The results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.kotharipetrochemicals.com and website of CDSL <http://www.evotingindia.com> within two (2) days of passing of the Resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Limited, Mumbai where the Company shares are listed.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

The Board of Directors at its meeting held on May 27, 2014 appointed Mrs.Nina Bhadrashyam Kothari as an Additional Director of the company to hold office from May 27, 2014. Mrs.Nina Bhadrashyam Kothari holds office upto the date of this Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mrs.Nina Bhadrashyam Kothari as a candidate for the office of Director of the Company whose period of office is liable to retire by rotation.

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended clause 49 of the Listing Agreement, the Company should have atleast one Woman Director. Keeping in view of the statutory requirement, the Board of Directors recommends the Resolution in relation to appointment of Mrs.Nina Bhadrashyam Kothari as a Director, for the approval by the Shareholders of the Company.

Except Mrs.Nina Bhadrashyam Kothari, being the appointee and Mr.B.H.Kothari, 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.5. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.6

The Board of Directors at its meeting held on May 27, 2014 appointed Dr.R.K.Raghavan as an Additional Director of the company to hold office from May 27, 2014. Dr.R.K.Raghavan holds office upto the date of this Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Dr.R.K.Raghavan as a candidate for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Dr.R.K.Raghavan as an Independent Director of the Company for a term of five consecutive years upto 31st March, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act 2013.

In the opinion of the Board, Dr.R.K.Raghavan fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Dr.R.K.Raghavan as an Independent Director would be available for inspection by the members without any fee at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Except Dr.R.K.Raghavan, being the appointee, 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.6. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.7

Mr.P.N.Devarajan is a director whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr.P.N.Devarajan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years upto 31st March, 2019. A notice has been received from a member proposing Mr.P.N.Devarajan as a candidate for the office of Director of the Company.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.P.N.Devarajan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.P.N.Devarajan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.P.N.Devarajan, being the appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No.7. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.8

Mr.Pranab Kumar Rudra is a director whose period of office is liable to retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr.Pranab Kumar Rudra being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years upto 31st March, 2019. A notice has been received from a member proposing Mr.Pranab Kumar Rudra as a candidate for the office of Director of the Company.

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

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Pranab Kumar Rudra as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Pranab Kumar Rudra as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.Pranab Kumar Rudra, being the appointee, 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.8. The disclosure under Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Notice.

Item No.9

The members of the Company at their Extra-ordinary General Meeting held on 04th December 1995 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.100 Crores (Rupees One Hundred Crores only).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.9 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.100 Crores (Rupees One Hundred Crores only) in excess of the aggregate of the paid up share capital and free reserves of the Company.

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.9.

Item No.10

The Members of the Company at their 17th Annual General Meeting held on 28th August 2006 approved by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 to borrow for its financial requirements upto Rs.100 Crores. For financing the various capital expenditure the company approached / proposes to approach various Banks, financial institutions, lending agencies which necessitates creation of charge / mortgage / hypothecation of the assets of the company both movable and immovable, whether present or future, wherever situated or on such other security as may be agreed by the Company.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that creation of charges / mortgages / hypothecation requires the approval of the shareholders of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No.10 of the Notice, to enable the Board of Directors to create charges / mortgages / hypothecation upto Rs.100 Crores (Rupees One Hundred Crores only) in addition to paid up share capital and free reserves.

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.10.

Item No.11

The Audit Committee and the Board of Directors of the Company at the meeting held on 27th May, 2014 appointed Mr.M.Pandurangan of M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant and as Cost Auditor for the Poly Iso butane (PIB) unit of the Company for the year 2014-2015 subject to the approval of the Central Government.

As per the provisions of Section 148 and Companies (Audit & Auditors) Rules, 2014 of the Companies Act, 2013 the members of the Company should approve / ratify the remuneration of Rs.50,000/- plus service taxes and re-imburement of out of pocket expenses 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 27th May, 2014.

It is, therefore, necessary for the members to approve / ratify the remuneration to Mr.M.Pandurangan of M/s.P.Rajulyer, M.Pandurangan & Associates, Cost Accountant and as Cost Auditor for the Poly Iso butane (PIB) unit of the Company for the year 2014-2015.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No.11.

Item No.12

The Shareholders at the 22nd Annual General Meeting of the Company held on 07th September 2011 approved the re-appointment of Mr.B.H.Kothari, as the Chairman and Managing Director of the Company from 01.12.2011 to 30.11.2016 without any remuneration. He has been holding the post of Chairman & Managing Director of the Company since 01.12.2006.

The Board of Directors of the Company approved payment of a remuneration to Mr.B.H.Kothari in accordance with the provisions of the Companies Act, 1956 for the period from 1st April 2014 to 30th November, 2016 at the meeting held on 03.02.2014.

Mr.B.H.Kothari is the Chairman of the H.C.Kothari Group of Companies, a respected conglomerate founded many decades back. He has more than 32 years of experience in administration and management in the Petrochemical, Sugar and Financial Service industries. Mr.B.H.Kothari has, in the past, held the positions of President of Indian Sugar Mills Association (ISMA), The South Indian Sugar Mills Association (SISMA), Hindustan Chamber of Commerce, Chennai and Chairman of Consultative Committee of City Chambers of Commerce. Currently Mr.B.H.Kothari is the Honorary Consul for Austria in Chennai.

Mr.B.H.Kothari is also actively involved in many charitable, educational and social service organizations viz., Institute of Financial Management & Research (IFMR), Shankar Netralayaya, Shree Vallabhacharya Vidya Sabha besides being a Trustee in various charitable institutions.

The Company had an accumulated loss of Rs.20.22 Crores as on 31.03.2004, but wiped off the entire accumulated losses over the years on account of the various steps including re-organization of the company and its product lines. Due to the untiring efforts and the initiatives taken by Mr.B.H.Kothari, the company started making profit from the year 2004 - 2005.

Mr.B.H.Kothari has not taken any remuneration ever since he was appointed as Chairman & Managing Director and declined to accept remuneration even when the company started making profits. However, due to the improved profitability of the Company and in recognition of his contribution therefor, the Board has approved payment of remuneration for him.

On the recommendation and approval of the Remuneration Committee, the Board, at its meeting held on 3rd February, 2014 approved the terms and conditions of remuneration of Mr.B.H.Kothari, Chairman and Managing Director, subject to the approval of the Shareholders at the ensuing General Meeting.

In Compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the terms and conditions of the remuneration to Mr.B.H.Kothari, Chairman & Managing Director together with the memorandum of concern or interest was sent to all the members of Kothari Petrochemicals Limited.

Mr.B.H.Kothari & Mrs.Nina Bhadrashyam Kothari are concerned or interested in the resolution as it concerns his remuneration. 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.12.

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

Place: Chennai
Date : May 27, 2004

S.Sundaramurthy
Company Secretary

THE INFORMATION IN RESPECT OF ITEM NO.3, 5, 6, 7 & 8 IN ACCORDANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT FOR CORPORATE GOVERNANCE ABOUT THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.3	Item No.5
Name of the Director	Mr.B.H.Kothari	Mrs.Nina Bhadrashyam Kothari
Date of Birth	November 11, 1961	21.07.1962
Date of Appointment	April 28, 1989	27.05.2014
Qualification	B.Com	B A (Economics)
Experience in specific functional areas	He is the Chairman of H.C.Kothari Group of Companies. He has more than 32 years of experience in administration and Management in the Sugar, Petrochemical and Financial Service Industries. He is presently the Invitee Member (Committee) Federation of Indian Chamber of Commerce & Industry, Governing Council Member - Central Institute of Plastics & Engineering Technology and Honorary Consul for Austria in Chennai. He has also served as Chairman of South Indian Sugar mills Association (Main) and is currently a member of the same. He is also the Member and Board of Governors for Institute of Financial Management & Research	She is holding directorship in H C Kothari Group of Companies. She held various positions in prestigious institutions such as Treasurer of Crafts Council of India, World Crafts Council and Chairman of National Crafts & Heritage Committee of ASSOCHAM and During 2006-07 she was the President of International Womens' Association (IWA). She has contributed more in the areas for the upliftment of women in India.
List of other Companies in which Directorship held	Public Companies Kothari Sugars and Chemicals Ltd. Kothari Safe Deposits Ltd. Gayathri Securities Ltd.	Nil
Chairman / Member of the Committee of the Board of Director of the Company	Chairman - Investment and Credit Approval Committee & CSR Committee Member-Stakeholders Relationship Committee	Member 1) Stakeholders Relationship Committee, 2) Nomination and Remuneration Committee 3) Investment and Credit Approval Committee 4) CSR Committee
Chairman/ Member of the Committee of the other companies in which he is a Director	Kothari Sugars and Chemicals Ltd. - Chairman - Investment and Credit Approval Committee and Member - Stakeholders Relationship Committee Kothari Safe Deposits Ltd. - Chairman - Share Transfer Cum Shareholders Grievances Committee	Nil
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2014	No. of Equity Shares held - 1,77,400	No. of Equity Shares held - 1,20,100

Particulars	Item No.6	Item No.7
Name of the Director	Dr.R.K.Raghavan	Mr.P.N.Devarajan
Date of Birth	04-04-1941	February 15, 1935
Date of Appointment	27-05-2014	April 24, 2009
Qualification	M.A., Ph.D., IPS (Retd.)	B.Sc., M. Tech. (Chemical Plant Design), IIT, Kharagpur
Experience in specific functional areas	<p>He is a former CBI Director and decorated with Indian Police Medal for Meritorious Service and the President's Police Medal for Distinguished Service. He has travelled widely all over the world to pursue criminal investigation and also present academic papers at conference.</p> <p>Dr.Raghavan is a former President of the Indian Society of Victimology and a member of the International Advisory Board for the Police Executive Programme at the Institute of Criminology, Cambridge University, U.K and the Board of Governors of the Bharathidasan Institute of Management, Trichy and Jindal Global School of Law, New Delhi. He is also a member of the International Group of Experts appointed by the Government of Mexico in 2008. In 2011-12 the UNODC retained him to do an evaluation of the Federal Police of Mexico.</p> <p>Dr.Raghavan is presently Adviser to Tata Consultancy Services (TCS), India's largest software company and takes care of its global security issues.</p>	<p>He has held senior positions in many organizations such as M/s. Merck Sharp & Dhome, Chemplast, Shriram Chemicals & Fertilizers Limited, Essar Group etc. He has also served as Chairman & Managing Director of Hindustan Organic Chemicals Limited and IDPL. He held positions of Director Central Board, RBI, Member-Chemicals and Export Promotion Council, Bombay, Member - Indo US Trade Business Council. He is presently a Professional Consultant for many leading Public Sector Organizations.</p>
List of other Companies in which Directorship held	National School of Business and Management Pvt. Ltd.	1)Essel – Centrum Holding Ltd. 2)Tropical Technologies Pvt. Ltd., 3)Aarvi Encon Pvt. Ltd.,4) Ogene Systems India Ltd., 5) Matix Fertilizers and Chemicals Ltd., 6) Kris Flexipacks Pvt. Ltd., 7) Arrowine Dealcom Pvt.Ltd.
Chairman / Member of the Committee of the Board of Director of the Company	Member – Audit Committee	Chairman of 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Stakeholders Relationship Committee & Member of Investment and Credit Approval Committee & CSR Committee
Chairman/ Member of the Committee of the other companies in which he is a Director	Nil	Nil
Number of Shares held in the Company (both own or held by/ for other person's on a beneficial basis) as on March 31, 2014	Nil	Nil

Particulars	Item No.8
Name of the Director	Mr.Pranab Kumar Rudra
Date of Birth	October 29, 1936
Date of Appointment	December 05, 2006
Qualification	Post Graduate in Engineering and Master of Business Administration.
Experience in specific functional areas	Mr.P.K.Rudra has more than 45 years experience in Engineering and General Management. He was Managing Director of Bengal Chemicals, Essar Projects and Chairman and Managing Director of Lubrizol India Ltd., and Engineers India Ltd. After retiring from full time service, he was Chairman of Consultancy Development Centre, Govt. of India, and Triune Projects.
List of other Companies in which Directorship held	PSM Systems and Management Services Pvt. Ltd.
Chairman/ Member of the Committee of the Board of Director of the Company	Member of 1) Audit Committee 2) Nomination and Remuneration Committee
Chairman/ Member of the Committee of the other companies in which he is a Director	Nil
Number of Shares held in the Company (both own or held by/for other person's on a beneficial basis) as on March 31, 2014	Nil

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

Place: Chennai
Date : May 27, 2014

S.Sundaramurthy
Company Secretary

Important Communication to Members

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

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, CHENNAI, 600034

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the company, to be held on Tuesday the 2nd day of September, 2014 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
	b) Audited Consolidated Financial Statement		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Mr.B.H.Kothari who retires by rotation		
4.	Appointment of Auditors		
Special Business			
5.	Appointment of Mrs.Nina Bhadrashyam Kothari as Director		
6.	Appointment of Dr.R.K.Raghavan as Independent Director		
7.	Appointment of Mr.P.N.Devarajan as Independent Director		
8.	Appointment of Mr.Pranab Kumar Rudra as Independent Director		
9.	Consent under Section 180(1)(c) of the Companies Act, 2013 for a borrowings		
10.	Consent under Section 180(1)(a) of the Companies Act, 2013 to create charges, mortgages etc.,		
11.	Approval of Remuneration to Cost Auditor		
12.	Remuneration to Mr.B.H.Kothari, Managing Director		

Signed this day of 20.....

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

Signature of shareholder:

Affix
₹1
Revenue
Stamp

Notes:

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

ATTENDANCE SLIP

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

1. I hereby record my presence at the 25th Annual General Meeting of the company, to be held on Tuesday the 2nd day of September, 2014 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.

2. Signature of the Shareholder / Proxy Present.

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

4. Shareholder / Proxy holder desiring to attend the meeting may bring his / her copy of Annual Report for reference at the meeting.

E - VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD
140718028	Folio No. / Client ID	Pan Number / Bank Account No. / Date of Birth

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

Commencement of e-voting	End of e-voting
Tuesday, 26 th August, 2014 (from 9.00 A.M.)	Thursday, 28 th August, 2014 (upto 6.00 P.M.)

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