



Book - Post



Kothari Petrochemicals Limited

If undelivered, please return to:

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

23rd Annual Report
2011 - 12



CORPORATE INFORMATION

Board of Directors	:	B.H.Kothari - Chairman & Managing Director G.Narayanaswamy P.N.Devarajan P.K.Rudra P.S.Balasubramaniam
Company Secretary	:	S.Sundaramurthy
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 New No. 491, Old No. 721, 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
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

CONTENTS

	Page No.
Notice	4
Directors' Report	7
Management Discussion and Analysis	8
Corporate Governance Report	12
Auditor's Report	21
Balance Sheet	24
Statement of Profit and Loss	25
Cash Flow Statement	26
Significant Accounting Policies	27
Notes Forming Part of the Balance Sheet	29
Attendance Slip / Form of Proxy	End of the Report

Financial Highlights

₹. in Lacs

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
PROFITABILITY ITEMS					
Gross Income	10,080.26	13,984.78	12,179.91	16,099.34	17,565.58
Gross Profit (PBDIT)	907.93	434.42	921.24	1,219.18	945.20
Profit After Tax	618.75	102.65	374.96	707.11	428.79
BALANCE SHEET ITEMS					
Net Fixed Assets	3,219.25	2,992.43	2,739.29	3,470.85	5,999.13
Investments	258.51	193.41	511.35	509.93	109.50
Net Current Assets	1,651.23	2,045.80	2,529.65	2,666.32	863.13
Total Capital Employed	5,129.00	5,231.64	5,780.29	6,237.28	7,094.42
Shareholder's Funds	5,129.00	5,231.64	5,606.60	5,971.75	6,058.58
RATIOS					
Book Value Per Share (₹)	8.72	8.89	9.53	10.15	10.30
EPS (₹)	1.05	0.17	0.64	1.20	0.73
Return on Investment	10.45%	1.73%	6.33%	11.84%	7.08%
Current Ratio	3.08	3.09	3.27	2.50	1.40

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of Kothari Petrochemicals Limited will be held on Thursday, September 20, 2012 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 receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Statement of Profit & Loss for the financial year ended on that date along with Auditors' and Directors' Report thereon.
2. To declare dividend on equity shares for the year ended March 31, 2012.
3. To appoint a Director in the place of Mr.P.K.Rudra, 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 a remuneration to be fixed by the Board of Directors".

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

Place: Chennai
Date : August 02, 2012

S.Sundaramurthy
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT ANY TIME NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. THE PROXY SHALL NOT BE ENTITLED TO VOTE EXCEPT ON A POLL.**
2. Corporate members intending to send their authorized 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.
3. **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.**
4. Share Transfer books and Register of Members will remain closed from Friday, 14.09.2012 to Thursday, 20.09.2012 (both days inclusive).
5. The Dividend would be paid not later than 19.10.2012 to those shareholders whose names stand on the Register of Members on 13.09.2012. Dispatch of Dividend warrants would commence on 16.10.2012 and the ECS credit would be done by 19.10.2012.
6. 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

NOTICE TO THE MEMBERS



- to advise the above changes and Transfer of Shares to the Company's RTA M/s. Cameo Corporate Services Limited.
7. Shareholders who have so far not encashed the dividend warrant(s) pertaining to the financial year 2010-11 are requested to make their claim to the Company / RTA. It may be noted that once the unpaid/unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) after the lapse of 7 years as required under Section 205A of the Companies Act, 1956, no claim shall lie against IEPF or the Company in respect of such dividend.
8. 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.
9. The Annual report of the Company for the year 2011-12, circulated to the Members of the Company, will be made available on the Company's website viz. www.kotharipetrochemicals.com
10. 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.
11. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Director seeking re-appointment / appointment at the forthcoming Annual General Meeting is attached hereto.

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.

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

PARTICULARS	ITEM NO. 3
Name of the Director	Mr.P.K.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 43 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	Triune Projects Private Limited
Chairman/ Member of the Committee of the Board of Directors of the Company	Audit Committee – Member
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 persons on a beneficial basis) as on March 31, 2012	Nil

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

Place: Chennai
Date: August 02, 2012

S.Sundaramurthy
Company Secretary

DIRECTORS' REPORT

To the Members,

The Directors present the 23rd Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2012.

The performance highlights of the Company for the year are summarized below.

1. Financial Performance

(₹. in Lakhs)

Particulars	2011 - 2012	2010 - 2011
PBIDT	945.20	1,219.18
Interest	122.47	48.46
Profit after Interest before Depreciation and Tax	822.73	1,170.72
Depreciation & Goodwill	171.95	279.90
Profit after Depreciation & Goodwill	650.78	890.82
Tax Expenses	221.99	183.71
Profit After Tax	428.79	707.11
Profit / (Loss) brought forward from previous year	52.67	(312.47)
Profit available for appropriation	481.46	394.64
Proposed Dividend	294.23	294.23
Dividend Tax on Proposed Dividend	47.73	47.73
Balance Carried to Balance Sheet	139.50	52.67

2. Performance for the financial year 2011-12

The Company has achieved a turnover of Rs. 17,338 Lakhs for the year ended March 31, 2012 as against Rs.15,957 Lakhs for the previous year.

Your Company's manufacturing plant adheres to all the safety norms and conducts periodic safety reviews & technical audits to update / upgrade the norms and to suit the latest requirement. All operators are given adequate in-house training by senior executives. The infrastructure within the plant area has been improved and modernised with substantial investment. Extra care has been taken for housekeeping including green belt development programme.

All the initiatives taken by your company to improve the product quality and to satisfy the customers are well recognised by the overseas as well as domestic customers and through their feed back and appreciation of the better quality of our product we infer that it is in line with international quality.

In recognition of its commitment to quality and environment, your company has been awarded with:

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

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

3. Dividend

The Directors recommend a dividend of Re.0.50 (Fifty paise only) per equity Share of Rs.10 each for the financial year ended March 31, 2012. If approved by the Members at the ensuing Annual General Meeting to be held on 20th September, 2012, it will be paid on or before 19th October, 2012 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 13.09.2012.

4. 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 provision of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Information in accordance with the provisions of 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'

5. Public Deposits

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

6. Directors

Mr.P.K.Rudra, Director, is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment

7. 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.

8. Management Discussion and Analysis

Kothari Petrochemicals Limited (KPL) maintains its “**single largest Poly Iso Butene (PIB) manufacturer in India**” status with an annual installed capacity of 22,000 Tons. Due to our continued efforts for the improvement of quality and manufacturing process discipline, the company could enter into different customer segments in domestic as well as International market.

Industry Structure & Development:

KPL produces high quality PIB of various grades using Iso Butylen rich LPG which is sourced from Refineries. The company had identified another source for the raw material in the Eastern part of India and started buying the same from February 2012 onwards. The Company is also continuing the efforts to further explore other sources for the raw material within the country as well as overseas.

Outlook:

As a result of our continuous efforts taken to explore the new markets for PIB, apart from the regular usage of PIB in lubricants and additives, we have started servicing new customer segment like Plastic Master Batch at a better price.

KPL has been awarded the contract to supply PIB by British Petroleum (BP) for their Indonesia, China, Vietnam, Saudi & Malaysia lube manufacturing plants.

Opportunities:

Due to restricted feed supply from one of the supply sources, the PIB production in our competitor's plant got affected and your company was able to utilize the business opportunity and increased the sales at a better realization.

Your Company is continually looking for new technology for its products, processes and for up-gradation of its manufacturing facilities. In order to improve the quality of products and saving the utilities cost, the company undertakes various measures such as Energy Audit, periodic Technical audit with the help of Industry experts and their suggestions are being implemented. KPL is also exploring various technical solutions to source its own Feed Stock in the near future.

Due to the above initiatives and safety measures, the efficiency of your plant in terms of production and quality is expected to improve to a great extent.

A new dedicated power line has been established to get quality power supply to the plant and this has resulted in drastic reduction in down time of the plant operations due to

power failure, which in turn has helped to get better quality of product.

KPL's flexibility to manufacture various grades in a single location, has established its credibility in the global market by prompt supply of various grades to meet customer's requirements.

As a customer-oriented strategy, KPL has a customer / market specific inventory approach which lends enormous supply security to its customers. Supply Security, International Quality and prompt service have become the core competitive strengths of KPL.

Threats:

If a major supplier discontinues the feed supply during the year, your company would suffer. Till such time alternative supply sources are identified.

Since the demand for Iso Butene is increasing globally as well as within India for the downstream industries, the availability of feed stock at competitive price is a threat for KPL in the years to come. Such challenges are being met with improved efficiency of operation and alternate source of feed stock.

The demand for 2T oil in domestic market continues to be subdued. The demand projection for 2T oil by various Oil marketing Companies are almost stagnant.

A new plant in China with a capacity of 75,000 TPA has been commissioned which is in addition to all the capacity enhancement done by major global PIB manufacturers in the last 2 years period. All these major players have their own source of raw material supply which is not the case with KPL and is a big threat, to become a major competitive player in the global market.

Korea has signed a bi-lateral trade agreement with US which has helped them to export PIB to US with Nil import Duty and KPL is not able to compete with them.

Risk & Concerns:

The heavy swing of International Crude Oil prices and the Exchange rate pushed the raw material suppliers to adopt an unclear pricing

policy towards PIB manufacturers which has put KPL in a difficult situation to predict the raw material price movement.

In order to be competitive in the global market, KPL is under pressure to match the long credit periods for their customers in line with the competitors offer, and thus take the additional burden of interest on working capital and related financial costs.

To mitigate the financial risks in global business, KPL as a strategy has covered its exports under a comprehensive ECGC policy.

KPL also takes forward foreign exchange cover to hedge against forex fluctuations.

Duty Entitlement Pass Book (DEPB), one of the export benefits for PIB export has been withdrawn by Indian Government, which is a setback.

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, conducive. Employees at all levels demonstrated high degree of commitment for achieving the company's goals.

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

The company focused on Career development of employees and Manpower requirement was filled in by giving priority to internal sources – through promotions / horizontal transfers. Key Performance Indicators introduced last year designed on planning employees career growth was successfully implemented. Total number of employees as on 31st March 2012 was 116.

9. 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. Cost Auditor

Pursuant to section 233B of the Companies Act, 1956, M/s.P.Rajulyer, M.Pandurangan & Associates, a Practising Cost Accountants, were appointed as Cost Auditor for the year 2012 - 2013.

Filing of Cost Audit Report	2011 - 2012	2010 - 2011
Due Date	31.12.2012	Order No.F.No.52/26/CAB-2010 dated 2 nd May 2011, issued by Ministry of Corporate Affairs, Cost Audit Branch pertaining to the Cost Accounting Records (Petroleum Industry) Rules 2002, the Cost Audit is necessary for our product Poly Isobutene (PIB) for every financial year commencing on or after the 1 st day of April 2011.
Actual Date	(Target) 30.11.2012	
Cost Auditor Details	M/s.P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai	
Audit Qualification in Report	--	

12. 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 : August 02, 2012

B.H. Kothari
 Chairman and Managing Director

FORM A

Annexure - I

Form for disclosure of particulars with respect to conservation of energy under Section 217(1)(e)
 MANALI PLANT

A. POWER AND FUEL CONSUMPTION

1. Electricity	2011-2012	2010-2011
(a) Purchased		
Unit (Kwh)	64,33,310	66,67,738
Total Amount (Rs.)	3,41,79,091	3,63,05,766
Rate/unit (Rs.)	5.31	5.44
(b) Own generation		
(i) Through diesel generator		
Unit	11,49,913	9,95,956
Unit per-litre of diesel oil	3.12	3.01
Cost/Unit	13.39	12.91
(ii) Through steam turbine/generator	-	-
Unit	-	-
Units per-litre of fuel oil/gas	-	-
Cost/unit	-	-
2. Coal (specify quality and where used)	-	-
Quantity (MT)	-	-
Total cost	-	-
Average rate	-	-
3. Furnace oil	-	-
Quantity (MT)	2,488.89	2,633.66
Total amount	9,12,60,237	7,07,92,204
Average rate	36,667.04	26,879.78
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	-	12,962.54
Electricity (Unit per MT)	495	585.01
Furnace Oil (MT of FO per MT)	0.18	0.19
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	2011-12	2010-11
(i)	Total Foreign Exchange earned	5030.64	3,608.90
(ii)	Total Foreign Exchange outflow	27.77	121.56

(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 interests 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, 2012, are as follows:

2. Board of Directors

The present strength of the Board is five, headed by the Chairman & Managing Director, Mr.B.H.Kothari. Except Mr.B.H.Kothari and Mr.P.S.Balasubramaniam, the others are 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 2012 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 2011-12 are furnished in the following table.

Name of the Director	Category	No. of Board Meetings attended	Attendance at previous AGM held on September 07, 2011	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	5	Present	Nil	Nil	Nil
Mr.P.K.Rudra	INED	5	Present	Nil	Nil	Nil
Mr.P.N.Devarajan	INED	5	Present	2	Nil	Nil
Mr.P.S.Balasubramaniam	NED	5	Present	4	2	Nil
Mr.N.Chandramouli (*)	NED	1	N.A.	Nil	Nil	Nil

(*) Resigned w.e.f. 01.07.2011

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

Board Meetings held during the financial year 2011 - 2012

BOARD MEETINGS				
May 11, 2011	July 29, 2011	Sep 7, 2011	Nov 7, 2011	Feb 10, 2012

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 Attended
1.	Mr. G. Narayanaswamy	Chairman	4
2.	Mr.P.K.Rudra	Member	4
3.	Mr.P.N.Devarajan	Member	4
4.	Mr.N.Chandramouli (*)	Member	1

(*) Resigned w.e.f. 01.07.2011

b. Audit Committee Meetings held during the financial year 2011-2012

AUDIT COMMITTEE MEETINGS			
May 11, 2011	July 29, 2011	Nov 07, 2011	Feb 10, 2012

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:

- To review the internal controls, with the Management and the Auditors and report to the Board together with recommendations thereon.
- 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.

- To select and establish accounting policies.
- To review the adequacy of internal audit function, staffing, reporting structure and frequency of internal audits.
- To review the Company's financial and risk management policies.
- To approve the Quarterly Unaudited Financial Results for publication.
- To review the Management Discussion and Analysis of financial condition and results of operation.
- 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 P.S.Balasubramaniam, 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 10 times and the attendance details of Committee Members is as follows:

Sl.No.	Name of the Member	Category	Meetings Attended
1.	Mr.P.S.Balasubramaniam	Chairman	10
2.	Mr.B.H.Kothari	Member	10
3.	Mr.P.N.Devarajan (*)	Member	06
4.	Mr.N.Chandramouli (**)	Member	02

(*) inducted w.e.f 29th July 2011

(**) Resigned w.e.f. 01st July 2011

e. Details of the Complaints received from the Shareholder(s) / Department(s) during the Financial Year 2011 - 2012

Sl. No.	Subject of Complaints	Total Complaints received	Complaints redressed	Redress under process at the year end
1	Non receipt of Interim Dividend	18	18	Nil
2	Transfer of shares	Nil	Nil	Nil
3	Dematerialization matters	Nil	Nil	Nil
4	Non receipt of annual reports	03	03	Nil
5	Others	04	04	Nil
Total		25	25	Nil
1	SEBI	Nil	Nil	Nil
2	Ministry of Corporate Affairs	Nil	Nil	Nil
3	National Stock Exchange	02	02	Nil
4	Registrar of Companies	Nil	Nil	Nil
5	Consumer forum	Nil	Nil	Nil
Total		02	02	Nil

f. Remuneration Committee

A Remuneration Committee was not constituted by the Company during the financial year 2011-12, since no director was in receipt of any remuneration other than sitting fees.

4. Directors' sitting fees

Sitting fees for the Board/Committee meetings for the year 2011-12 and the details are furnished hereunder:

(Amount in ₹)

Sl. No.	Name of the Directors	Sitting fees paid		
		Board Meeting	Audit Committee	Total
1	Mr.B.H.Kothari	37,500	N.A.	37,500
2	Mr.G.Narayanaswamy	37,500	24,000	61,500
3	Mr.P.K.Rudra	37,500	24,000	61,500
4	Mr.P.N.Devarajan	37,500	24,000	61,500
5	Mr.P.S.Balasubramaniam	37,500	N.A.	37,500
6	Mr.N.Chandramouli (*)	7,500	6,000	13,500

(*) Resigned w.e.f. 01 July 2011

5. Annual General Meeting

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

Year	Venue	Date	Day	Time
2010-2011	Rani Seethai Hall" No. 603, Anna Salai, Chennai - 600006	September 07 2011	Wednesday	10.30 A.M.
2009-2010	The Music Academy, (Mini Hall)	September 22, 2010	Wednesday	10.30 A.M.
2008-2009	Old No.306, New No. 168 T.T.K. Road, Chennai - 14.	September 18, 2009	Friday	10.15 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. 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.
Sep. 22, 2010	Nil	Nil
Sep. 18, 2009		

7. Postal Ballot

During the financial year 2011-2012, no Special Resolution was passed through Postal Ballot.

8. Disclosures

During the financial year 2011-2012, the Audit Committee and the Board considered periodically the statement of related party transactions 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 Finance In-charge 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 period and Annual financial results were published in The Financial Express and Malai Murasu, Chennai. The financial results and other important events were also posted in the Company's website at www.kotharipetrochemicals.com. The Half-Yearly financial results were 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 proposes to 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	Thursday, September 20, 2012 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 Calander Year of the Company

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

Financial Reporting for year 2012-2013 (Tentative)	
Results for Quarter ending 30 th June, 2012	First fortnight of August, 2012
Results for Quarter ending 30 th September, 2012	First fortnight of November, 2012
Results for Quarter ending 31 st December, 2012	First fortnight of February, 2013
Results for Quarter ending 31 st March, 2013	First fortnight of May, 2013

13. Date of Book Closure

The period of book closure is fixed from Friday, 14.09.2012 to Thursday, 20.09.2012 (both days inclusive)

14. Dividend Payment

For the year ended March 31, 2012, the Directors have recommended a dividend at the rate of Re.0.50 (Fifty paise only) per equity share, subject to the approval of the Members at the ensuing Annual General Meeting and the dividend, if approved, shall be paid on or before 19th October, 2012 to all the members.

15. Details of the outstanding ADRs/GDRs/Warrants or Convertible Instruments - Not applicable.
16. 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 2012 - 13 have been paid. (Stock Code - **KOTHARIPET**)

17. Market Price Data: High, Low in each month of the Financial Year 2011-2012 on The National Stock Exchange of India Limited.

(Amount in Rupees)					
Month	High	Low	Month	High	Low
Apr 2011	8.75	7.00	Oct 2011	8.00	6.40
May 2011	8.50	7.00	Nov 2011	7.75	5.15
Jun 2011	7.85	6.90	Dec 2011	6.95	5.45
Jul 2011	9.25	7.25	Jan 2012	6.85	5.05
Aug 2011	8.85	6.25	Feb 2012	6.85	5.55
Sep 2011	8.30	6.65	Mar 2012	6.20	5.05

18. Registrar and Share Transfer Agents

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

19. Distribution of Shareholdings

No. of Equity shares held	No. of Shareholders	No. of Shares
Upto 5000	7,727	23,05,413
5001-10000	1,835	16,57,607
10001-20000	584	9,78,395
20001-30000	238	6,27,109
30001-40000	89	3,31,628
40001-50000	148	7,13,682
50001-100000	148	10,86,836
100001 and above	137	5,11,45,730
Total	10,906	5,88,46,400

20. Shareholding Pattern

Sl. No.	Category	No. of Holders	No. of shares	% of Shares
(i)	Promoters	12	4,07,07,639	69.18
(ii)	Resident Indians	10,624	98,47,088	16.73
(iii)	Financial Institutions	3	42,22,227	7.17
(iv)	Domestic Companies	225	39,24,944	6.67
(v)	Mutual Funds	3	52,500	0.09
(vi)	NRIs	35	46,402	0.08
(vii)	FII's	1	40,500	0.07
(viii)	Directors & Relatives	3	5,100	0.01
	Total	10,906	5,88,46,400	100.00

21. Dematerialization of Shares

As on March 31, 2012, 5,63,07,334 shares representing 95.69% 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, Tiruvottiur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone Nos. : 044 - 2594 1308 / 1309, Fax No. : 044 - 2594 1524
--------	---

23. Contacts

Company's Registered Office	Company Share Transfer Agent
<p>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</p>	<p>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</p>

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

Place: Chennai
Date : August 02, 2012

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, 2012.

for **Kothari Petrochemicals Limited**

Place: Chennai
Date : August 02, 2012

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 N.Rangarajarathinam, President, Finance In-Charge 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, 2012 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, if any
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any 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 : August 02, 2012

N.Rangarajarathinam
President, Finance In-charge

B.H.Kothari
Chairman and Managing Director

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, 2012 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Registrars and Share Transfer Agents of the company, there were no investors' grievances remaining unattended / pending for more than 30 days as at March 31, 2012.

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: August 02, 2012

N.R.Kuppuswamy
Partner
M.No.203307

REPORT OF THE AUDITORS TO THE MEMBERS OF KOTHARI PETROCHEMICALS LIMITED

1. We have audited the accompanying financial statements of **Kothari Petrochemicals Limited** which comprise the Balance Sheet at 31st March 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to the company.
4. Further to our comments in the annexure referred to above, 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 it appears from our examination of such books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement referred to in 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 sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i) in so far it relates to the Balance Sheet, the state of affairs of the company as at 31st March 2012,
 - ii) in so far it relates to the Statement of Profit and Loss, of the profit for the year ended on that date, and
 - iii) in so far it relates to the Cash Flow Statement, of the Cash Flow for the year ended on that date.

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

Place : Chennai
Date : August 02, 2012

N.R.Kuppuswamy
Partner
M.No.203307

ANNEXURE REFERRED TO IN PARAGRAPH 3 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 not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
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 services and there was no continuing failure to correct any major weakness.
10. In our opinion and according to the explanations given to us, there are no transactions made in pursuance of contracts or arrangements requiring entry in the registers maintained under Section 301 of the Companies Act, 1956.
11. 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.
12. 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.
13. 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 April, 1st 2011. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
14. 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.
15. 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 2012 for a period of more than six months from the date they became payable.
16. 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 Sales Tax and Excise Duty have not been deposited by the Company on account of disputes:

AUDITOR'S REPORT

S. No.	Name of the Statute	Nature of Dues	Amount in lacs	Period	Forum where the dispute is pending
(i)	Central Sales Tax	Sales Tax	Rs.3.17 (Rs.0.79 lacs paid under protest)	2007-08	Appellate Deputy Commissioner, Thanjavur.
(ii)	Central Excise Act	Excise Duty	Rs.129.30	2005-06 to 2009-10 and period upto Oct. 2010	Commissioner, Chennai.
(iii)	Central Excise Act	Differential Excise Duty	Rs.25.41	April 2007 to November 2007 and April 2008 to May 2008.	Commissioner (Appeals) Chennai

17. 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 the immediately preceding financial year.
18. The Company has not defaulted in the repayment of dues to the Banks. There were no dues to Financial Institutions and Debenture Holders.
19. The Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
20. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
21. 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.
22. 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.
23. The Company has raised new term loan. The term loan taken by the Company has been applied for the purpose for which they were raised.
24. The Company has availed a short term loan from the bank during the year. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis during the year and short term borrowings outstanding at the beginning of the year have not been used for long term investment.
25. 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.
26. 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.
27. According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year.
28. 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 : August 02, 2012

N.R.Kuppuswamy
Partner
M.No.203307

(Rupees in Lakhs)

	Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I	<u>EQUITY AND LIABILITIES</u>			
1	Shareholders Funds			
(a)	Share Capital	2	5,918.68	5,918.68
(b)	Reserves and Surplus	3	139.90	53.07
			6058.58	5,971.75
2	Non-current liabilities			
(a)	Long-term borrowings	4	525.71	1.21
(b)	Deferred tax liabilities (Net)	5	458.34	234.75
(c)	Other Long term liabilities	6	51.79	29.57
			1,035.84	265.53
3	Current liabilities			
(a)	Short-term borrowings	7	477.74	194.65
(b)	Trade payables	8	1,047.87	934.26
(c)	Other current liabilities	9	277.29	295.20
(d)	Short-term provisions	10	350.68	352.61
			2,153.58	1,776.72
	Total:		9,248.00	8,014.00
II	<u>ASSETS</u>			
1	<u>Non-current assets</u>			
(a)	Fixed Assets	11		
(i)	Tangible assets		5,998.13	2,459.48
(ii)	Intangible assets		1.00	2.00
(iii)	Capital work-in-progress		-	1,009.37
			5,999.13	3,470.85
(b)	Long-term loans and advances	12	232.16	100.11
			232.16	100.11
2	<u>Current assets</u>			
(a)	Current investments	13	109.50	509.93
(b)	Inventories	14	737.96	874.54
(c)	Trade receivables	15	1,073.61	1,063.44
(d)	Cash and cash equivalents	16	391.55	453.74
(e)	Short-term loans and advances	17	702.82	1,541.39
(f)	Other Current assets	18	1.27	-
			3,016.71	4,443.04
	Total:		9,248.00	8,014.00
	Significant accounting policies & Notes to Accounts	1-42		

For and on behalf of the Board

As per our Report of even date

B.H. Kothari
 Chairman & Managing Director

P.S.Balasubramaniam
 Director

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

 Place : Chennai
 Date : August 02, 2012

S. Sundaramurthy
 Company Secretary

N.R. Kuppuswamy
 Partner

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012


(Rupees in Lakhs)

	Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I	Revenue from operations (Gross)	19	17,452.03	15,999.48
	Less: Excise Duty		1,345.89	1,171.38
	Revenue from operations (Net)		16,106.14	14,828.10
II	Other income	20	113.55	99.86
III	Total Revenue (I + II)		16,219.69	14,927.96
IV	Expenses:			
	Cost of materials consumed	21	11,821.67	10,832.43
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	184.07	(44.53)
	Other Direct Manufacturing Expenses	23	1,651.24	1,415.82
	Employee benefits expense	24	445.58	367.30
	Finance costs	25	122.47	48.46
	Depreciation and amortization expenses	11	171.95	279.90
	Other expenses	26	1,171.93	1,137.76
	Total expenses		15,568.91	14,037.14
V	Profit before exceptional and extraordinary items and tax (III-IV)		650.78	890.82
VI	Exceptional items		-	-
VII	Profit before extraordinary items and tax (V - VI)		650.78	890.82
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII- VIII)		650.78	890.82
X	Tax expense:			
	(a) Current Tax		135.05	241.45
	Less MAT Credit Entitlement		(135.05)	(160.11)
	(b) Deferred Tax		223.58	102.37
	(c) Tax in respect of earlier Years (net)		(1.59)	-
	Total Tax Expenses		221.99	183.71
XI	Profit for the year (IX-X)		428.79	707.11
XII	Earnings per equity share:			
	Number of Equity Shares		5,88,46,400	5,88,46,400
	(a) Basic (Rs.per Share)		0.73	1.20
	(b) Diluted(Rs.Per Share)		0.73	1.20
	Significant accounting policies & Notes to Accounts	1-42		

For and on behalf of the Board

As per our Report of even date

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

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

Place : Chennai
Date : August 02, 2012

S. Sundaramurthy
Company Secretary
25

N.R. Kuppuswamy
Partner

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

(Rupees in Lakhs)

Particulars	31.03.2012	31.03.2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) after Extra-ordinary items	650.78	890.82
Adjustments for :		
Depreciation and Amortisation Expenses	171.95	279.90
Rental Income	(55.81)	-
Interest Income	(7.47)	(11.57)
Dividend Income	(4.21)	(7.19)
Finance Costs	89.95	27.56
Net gain on sale of Current Investments	(10.68)	(33.44)
Exchange Fluctuation Gain (Net)	(8.62)	(44.36)
Liability no Longer required Written Back	(11.20)	(2.24)
Provision Written off/(back) for Diminution in value of Investments	0.96	(1.06)
(Profit) / Loss on Sale of Shares	-	0.04
	164.87	207.64
Operating Profit before Working Capital changes	815.65	1,098.46
Changes in Working Capital - Adjustments for (increase) / decrease in operating assets		
Inventories	136.58	(157.21)
Trade receivables	(10.17)	(239.35)
Exchange Fluctuation Gain (Net)	8.62	44.36
Short-term loans and advances	959.66	184.15
Other current assets	(1.27)	23.40
Long-term loans and advances	(132.05)	(181.45)
Adjustments for increase / (decrease) in operating Liabilities		
Trade payables	113.61	(171.88)
Other current liabilities	(6.70)	297.45
Other Long term liabilities	22.22	29.57
Short-term provisions	(343.89)	3.83
	746.61	(167.13)
Less: Taxes Paid	119.50	170.00
Net Cash Generation from Operating Activities - A	1,442.76	761.33
B CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure on Fixed Assets	(2,700.23)	(1,011.46)
Redemption of Investment	400.43	1.42
(Increase) / Decrease in Bank Balances considered as cash and cash equivalents	18.79	3.54
Rental Income	55.81	-
Interest Income	7.47	11.57
Dividend Income	4.21	7.19
Net gain on sale of Current Investments	10.68	33.44
Provision Written off / (back) for Diminution in value of Investments	(0.96)	1.06
Profit / (Loss) on Sale of Shares	-	(0.04)
Net Cash from investing activities - B	(2,203.80)	(953.28)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long-term borrowings	524.50	1.21
Short-term borrowings	283.09	153.33
Finance Costs Paid	(89.95)	(27.56)
Net Cash from Financing activities - C	717.64	126.98
D Net Increase/(Decrease) in Cash and Cash equivalents-A+B+C	(43.40)	(64.97)
E Cash and Cash equivalents at the beginning of the year	341.27	406.24
F Cash and Cash equivalents at the close of the year (Refer Note-16)	297.87	341.27

For and on behalf of the Board

As per our Report of even date

B.H. Kothari
 Chairman & Managing Director

P.S.Balasubramaniam
 Director

For R.Subramanian and Company
 Chartered Accountants

 Place : Chennai
 Date : August 02, 2012

S. Sundaramurthy
 Company Secretary

N.R. Kuppuswamy
 Partner

Note 1**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****a. Basic 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.

b. 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.

c. 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.

d. 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.

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.

e. 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.

f. 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.

g. 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) Revenue from services is recognized when services are rendered to Customers.
- (iii) Interest income is recognized using time proportion method.
- (iv) Dividend Income is accounted when the right to receive is established.

h. Foreign Exchange Transation

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.

i. 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.

j. Employee Benefits**Defined Contribution Plan**

- (i) Fixed contributions to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the company.
- (ii) Superannuation 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.

k. Taxation

- (i) Current tax is determined on the profit for the year in accordance with the provisions of the Income Tax Act, 1961.
- (ii) 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.

l. Segment Reporting

- (i) The accounting policies adopted for segment 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. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under unallocated corporate expenses.

m. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	PARTICULARS	As at 31st March, 2012		As at 31st March, 2011	
		Number	Rs.in Lacs	Number	Rs.in Lacs
I	Note - 2				
a	SHARE CAPITAL AUTHORISED:				
	PREFERENCE SHARE CAPITAL				
	Redeemable Preference shares of Rs.100/-each	6,00,000	600.00	6,00,000	600.00
	EQUITY SHARE CAPITAL				
b	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 & PARTLY PAID UP AND HENCE FORFEITED	-	34.04	-	34.04
	Total (c+d)	5,88,46,400	5,918.68	5,88,46,400	5,918.68
II	Reconciliation of Number of shares				
	Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Equity Shares	Number			
	Shares outstanding at the beginning of the year	5,88,46,400		5,88,46,400	
	Shares outstanding at the end of the year	5,88,46,400		5,88,46,400	
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, 2012		As at 31st March, 2011	
		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.	60,00,000	10.20%	60,00,000	10.20%
3	Parasakthi Trading Co. Pvt. Ltd.	60,00,000	10.20%	60,00,000	10.20%
4	Lavanya Holdings & Trading Pvt. Ltd.	60,00,000	10.20%	60,00,000	10.20%
5	Niharika Synthetics Trading Pvt. Ltd.	60,00,000	10.20%	60,00,000	10.20%

(Rs. in Lakhs)		
Particulars	As at 31-Mar-12	As at 31-Mar-11
Note -3		
Reserves and 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	52.67	(312.47)
Add: Net Profit for the year	428.79	707.11
Less: Proposed Dividend	294.23	294.23
Less: Dividend Tax on Proposed Dividend	47.73	47.73
Closing Balance	139.50	52.67
Total	139.90	53.07
Note - 4		
Long Term Borrowings		
Secured Term Loans from banks		
i) Term Loan	525.71	-
<u>Nature of Security</u>		
- Wind Mill Term Loan of Rs.552 lacs (Rs.Nil as of March-31, 2011) is secured by Equitable Mortgage of Windmill Land and Hypothecation of Wind Mill Machinery, in Tamil Nadu.		
<u>Terms of Payment</u>		
- Repayable in 84 monthly installments commencing from December-2012, after an initial holiday period of 12 months. Last Installment due in November-2019. Rate of Interest 12% per annum as of the year end.		
ii) Vehicle Loan	-	1.21
<u>Nature of Security</u>		
- Vehicle Loan is secured by Hypothecation of Vehicle.		
<u>Terms of Payment</u>		
- Repayable in 30 monthly instalments commenced from January-2010, last Instalment due in June-2012. Rate of Interest 10% per annum as of the year end.		
Total	525.71	1.21
Current Maturity of Long Term Debt disclosed separately	28.11	9.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakhs)

	Particulars	As at 31-Mar-12	As at 31-Mar-11
	Note - 5		
	Deferred Tax Liability (Net)		
	Deferred Tax Liability		
	- Depreciation on Fixed Assets	591.04	242.05
	Deferred Tax Asset		
	- Business Loss, Employee Benefits,etc	132.70	7.30
	Deferred Tax Liability (Net)	458.34	234.75
	Note - 6		
	Other Long Term Liabilities		
	<u>Others</u>		
	Deposits	22.22	-
	Other Payables	29.57	29.57
	Total	51.79	29.57
	Note - 7		
	Short Term Borrowings		
	<u>Secured</u>		
(a)	Loans repayable on demand		
	Cash Credit	387.37	-
	<u>Nature of Security</u>		
	- Cash Credit is secured by 1 st charge on Hypothecation of Stocks and Book Debts		
(b)	Other loans and advances		
	Bills Discounting	90.37	194.65
	<u>Nature of Security</u>		
	- Hypothecation of Stocks and Book Debts		
	Total	477.74	194.65
	Note - 8		
	Trade Payables		
(a)	Trade Payables	1,047.87	934.26
	Total	1,047.87	934.26

(Rs. in Lakhs)

	Particulars	As at 31-Mar-12	As at 31-Mar-11
	Note - 9		
	Other Current Liabilities		
(a)	Current maturities of long-term debt		
	i) Term Loan	26.29	-
	- Refer note 4 for details		
	ii) Vehicle Loan - Indian Bank	1.82	9.24
	- Refer note 4 for details		
(b)	Unpaid dividends	6.29	-
(c)	Other payables		
	- Statutory Liabilities	73.01	40.29
	- Advance from Customers	36.77	82.74
	- Others	133.11	162.93
	Total	277.29	295.20
	Note - 10		
	Short Term Provisions		
	Proposed Dividend	294.23	294.23
	Tax on Proposed Dividend	47.73	47.73
	Provision for Employee's Benefits	8.72	10.65
	Total	350.68	352.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note - 11
Fixed Assets

DESCRIPTION	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As on 01.04.2011	Additions	Deletions / Adjustment	Acquired through business combinations	As on 31.03.2012	As on 01.04.2011	Depreciation charge for the year	Deductions on Disposals	As on 31.03.2012	As on 31.03.2011
a Tangible Assets										
Land	278.47	19.80	-	-	298.27	-	-	-	298.27	278.47
Share of UDS of Building	-	-	-	-	-	-	-	-	-	-
Given on Lease	637.73	192.53	-	-	192.53	-	-	-	192.53	-
Buildings	-	674.91	-	-	1,312.64	69.40	20.52	-	1,222.72	568.33
Buildings given on Lease	-	1,445.24	-	-	1,445.24	-	3.55	-	1,441.69	-
Plant & Machinery	1940.83	1,355.33	-	-	3,296.16	388.57	138.02	-	2,769.57	1,552.26
Furniture & Fittings	4.39	1.44	-	-	583	1.43	0.31	-	4.09	2.96
Vehicles	58.33	-	-	-	58.33	20.07	5.10	-	33.16	38.26
Office Equipment	20.45	2.46	-	-	22.91	4.72	1.06	-	17.13	15.73
Computers	13.40	17.89	-	-	31.29	9.92	2.40	-	18.97	3.47
Total - a	2,953.60	3,709.60	-	-	6,663.20	494.11	170.96	-	5,998.13	2,459.48
b Intangible Assets										
Intangible Assets-Software	5.00	-	-	-	5.00	3.00	1.00	-	1.00	2.00
Intangible Assets-Goodwill	753.00	-	-	-	753.00	753.00	-	-	-	-
Total - b	758.00	-	-	-	758.00	756.00	1.00	-	1.00	2.00
Total (a+b)	3,711.60	3,709.60	-	-	7,421.20	1,250.11	171.96	-	5,998.13	2,461.48
Previous year	3,709.52	2.09	-	-	3,711.60	970.21	279.90	-	2,461.48	2,739.29

(Rs. in Lakhs)		
Note - 12		
Long Term Loans & Advances		
Unsecured, considered good		
Minimum Alternative Tax (MAT) Entitlement		
Other loans and advances		
Advance Tax and Tax Deducted at Source		
(Net of Provision for Tax Rs.476.87 Lacs, Previous Year Rs.359.72 lacs)		
Total		100.11
As at 31-Mar-12		230.02
As at 31-Mar-11		96.21
2.14		3.90
232.16		100.11

Note - 13 (Rs. in Lakhs)

UNITS		NET ASSET VALUE		CURRENT INVESTMENTS	COST	
As at 31.03.2012 Nos.	As at 31.03.2011 Nos.	As at 31.03.2012	As at 31.03.2011		As at 31.03.2012	As at 31.03.2011
378,660	-	50.47	-	INVESTMENTS IN MUTUAL FUNDS RELIANCE LIQUID FUND-TREASURY PLAN-INSTL-MONTHLY DIVIDEND TATA LIQUIDITY MANAGEMENT FUND - WEEKLY DIVIDEND FRANKLIN INDIA PRIMA PLUS FUND - DIVIDEND RELIANCE MONEY MANAGER FUND - RETAIL - GROWTH BARODA PIONEER TREASURY ADVANTAGE - REG - G DWS TREASURY FUND - CASH - GROWTH KOTAK FLOATER LONG TERM - GROWTH TATA FLOATER FUND - WEEKLY DIVIDEND TEMPLETON FLOATING RATE INCOME FUND LTP-RETAIL-GROWTH UTI FLOATING RATE FUND-STP - GROWTH KOTAK FMP 6M - SERIES 10 - GROWTH	50.41	-
5112,961	-	51.47	-		51.41	-
32,082	32,082	7.68	8.64		10.00	10.00
-	7,777,009	-	104.09		-	104.04
-	4,879,875	-	53.94		-	53.93
-	249,107,050	-	25.32		-	25.31
-	793,000,269	-	123.60		-	123.60
-	470,248,579	-	47.43		-	47.42
-	62,597,825	-	11.22		-	11.21
-	6,943,410	-	110.78		-	110.78
-	250,000,000	-	25.82		-	25.00
		109.61	510.83		111.82	511.29
				Less : Provision for diminution in the value of Investments	2.32	1.36
				Total	109.50	509.93
				Particulars		
				Cost	111.82	511.29
				Aggregate Net Asset Value	109.61	510.83

Note - 14 Inventories		As at 31-Mar-12	As at 31-Mar-11
a.	Raw Materials and components	455.13	388.03
b.	Raw Materials in transit	110.61	104.83
c.	Finished goods	97.87	281.95
d.	Stores and spares	73.63	93.75
e.	Others		
	Packing Material	0.72	5.98
	Total	737.96	874.54

For mode of valuation refer Note - 1 - (c)

		(Rs. in Lakhs)	
	PARTICULARS	As at 31-Mar-12	As at 31-Mar-11
	Note - 15		
	Trade Receivables		
	<u>Unsecured, considered good</u>		
	Trade receivables outstanding for a period less than six months from the date they are due for payment	1,073.61	1,059.17
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	4.27
	Total	1,073.61	1,063.44
	Note - 16		
i	Cash and Cash Equivalents		
	a. Balances with banks	297.68	340.86
	b. Cash on Hand	0.19	0.41
	Total	297.87	341.27
ii	Other Bank Balances		
	a. Unpaid dividend accounts	6.29	-
	b. Balances with Bank to the extent held as Margin Money	87.39	112.47
		93.68	112.47
	Total	391.55	453.74
	Note - 17		
	Short-term loans and advances		
	<u>Unsecured, considered good</u>		
a.	Loans and advances to related parties (refer note 34)	0.13	0.13
b.	Others		
i	Advances recoverable in cash or kind or for value to be received	405.08	1,338.88
ii	Deposits	99.64	75.61
iii	Balance with Statutory Authorities		
	- With Customs & Central Excise Authorities	197.97	126.77
	Total	702.82	1,541.39
	Note - 18		
	Other Current Assets		
a.	Other current Assets	1.27	-
	Total	1.27	-

(Rs. in Lakhs)

	PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
	Note - 19		
	Revenue from Operations		
	<u>Sale of Products</u>		
	Polybutene	12,839.73	11,550.55
	LPG	4,164.59	4,083.27
	Light Polymer	306.08	286.38
	Others	27.82	36.88
	<u>Other Operating revenues</u>		
	Sale of Scrap	7.80	3.62
	Duty Drawback on Exports	46.52	36.53
	Insurance Claim	59.49	2.25
	Total	17,452.03	15,999.48
	Note - 20		
	Other income		
	Rental Income	55.81	-
	Interest Income	7.47	11.57
	Dividend Income	4.21	7.19
	Net gain on sale of Current Investments	10.68	33.44
	Exchange Fluctuation Gain (Net)	8.62	44.36
	Provision Written back for Diminution in value of Investments	-	1.06
	Excise Duty on Stock Differential	15.56	-
	Liabilities no Longer required written Back	11.20	2.24
	Total	113.55	99.86
	Note - 21		
	Cost of Materials Consumed		
	C4 Feed	11,766.76	10,781.78
	Aluminium Chloride	17.34	33.04
	Caustic Soda	36.20	16.10
	Others	1.37	1.51
	Total	11,821.67	10,832.43
	Note - 22		
	Changes in inventories of Finished Goods		
	Opening Stock	281.94	237.41
	Closing Stock	97.87	281.94
	Total	184.07	(44.53)
	Note - 23		
	Other Direct Manufacturing Expenses		
	Power & Fuel	1,418.10	1,205.52
	Water	75.01	66.68
	Stores Consumed	158.13	143.62
	Total	1,651.24	1,415.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakhs)

	PARTICULARS	Year Ended 31-Mar-12	Year Ended 31-Mar-11
	Note - 24		
	Employee Benefits Expense		
	Salaries, Wages and Bonus	368.77	305.15
	Contributions to Provident & Other Funds	34.39	26.75
	Staff welfare expenses	42.42	35.40
	Total	445.58	367.30
	Note - 25		
	Finance Costs		
	Interest expense	89.95	27.55
	Other borrowing costs	32.52	20.91
	Total	122.47	48.46
	Note - 26		
	Other Expenses		
	Excise Duty on Stock Differential	-	4.16
	Rent	38.40	32.58
	Repairs & Maintenance - P&M	232.90	109.65
	Repairs & Maintenance - Buildings	26.66	179.83
	Repairs & Maintenance - Others	17.95	37.33
	Insurance	29.15	24.21
	Packing Materials	161.97	198.54
	Freight Charges	294.42	238.96
	Rates & Taxes	11.64	9.26
	Travelling Expenses	146.48	153.86
	Auditors Remuneration		
	- Statutory Audit	1.25	0.75
	- Limited Audit Review	1.20	1.20
	- Tax Audit	0.10	0.10
	Sitting Fee to Directors	2.73	1.96
	Legal and Professional charges	49.82	63.85
	Commission and Discount	68.72	9.53
	Loss on Sale of Shares / Equity Mututal Fund	-	0.04
	Provision written off for Diminution in value of Investments	0.96	-
	Printing & Stationery	6.66	6.57
	Telephone Expenses	8.34	9.38
	Miscellaneous Expenses	72.58	56.00
	Total	1,171.93	1,137.76

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 Note-20 "Other income" for the Current Year and in Note-26 "Other Expenses" for the previous year.

Note - 28 - Commitments

Estimated amount of Contracts remaining to be executed on Capital account and not provided for Rs. NIL (Rs.925 lacs)

Note - 29 - Contingent Liabilities

- Bank guarantees Rs.328.44 Lacs (Previous year.Rs.318 Lacs)
- 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 Rs.157.88 lacs (Previous Year Rs.110.38 lacs)

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

Particulars	31-03-2012		31-03-2011	
	Value (Rs. in lacs)	%	Value (Rs. in lacs)	%
Raw Materials & Chemicals				
a) Imported	-	-	28.92	0.27%
b) Indigenous	11,821.67	100%	10,832.43	99.73%
Total	11,821.67	100%	10861.35	100%
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenous	158.13	100%	143.62	100%
Total	158.13	100%	143.62	100%

Note - 31 - CIF Value of Imports

(Rs. in Lacs)

Particulars	31-03-2012	31-03-2011
a) Raw Materials	NIL	28.92
b) Capital Goods	NIL	14.14

Note - 32 - Expenditure incurred in Foreign Currency

(Rs. in Lacs)

Particulars	31-03-2012	31-03-2011
Travelling	13.33	53.92
Professional charges	14.44	24.01
Subscriptions	NIL	0.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS



Note - 33 - Earnings in Foreign Currency Realised during the year

(Rs.in Lacs)

Particulars	2011-12	2010-11
Export on Sales	5,030.64	3,608.90

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) | (a) Promoter Company | Kothari Sugars & Chemicals Limited |
| | (b) Associate Company | Kothari International Trading Limited |
| | (c) Associate Company | Kothari Safe Deposits Limited |
| | (d) Associate Company | Century Foods Pvt. Limited |
| | (e) Associate Company | Parvathi Trading & Finance Co. Pvt. Limited |
| (ii) Key Management Personnel | (a) Chairman & Managing Director | Mr. B.H.Kothari |

(Rs.in Lacs)

Nature of Transactions	Parties with Significant influence (Direct and Indirect)										Key Management Personnel	
	Kothari Sugars & Chemicals Ltd		Century Foods Pvt. Limited		Parvathi Trading & Finance Co Pvt Ltd.		Kothari Safe Deposits Limited		Kothari International Trading Limited			
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent	-	-	8.60	8.60	-	-	-	-	-	-	-	-
Commission Paid	-	-	-	-	-	-	-	-	27.58	-	-	-
Interest	-	-	-	-	2.85	-	-	-	-	-	-	-
Common Expenses	47.29	60.98	-	-	-	-	-	-	1.27	-	-	-
Locker Rent	-	-	-	-	-	-	0.08	0.07	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-	0.38	0.25
Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
Balances-Receiveable	-	-	-	-	-	-	0.13	0.13	1.27	-	-	-

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 Actuarially valued liability under the Projected Unit Credit method for the employees of the participating enterprise of the Trust is calculated 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.3.73 lakhs (Previous Year Rs.6.66 lakhs) in the Statement of Profit & Loss for the Year ended 31st March, 2012. Accrued Liability towards Gratuity ascertained as per actuarial valuation is Rs.37.19 lacs which is covered by a common Insurance Policy referred above.

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 (Wind Mill)
Rs.in lacs

Particulars	Poly Iso Butane (PIB)		Power Generation (Wind Mill)		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Segment Revenues	16,106.14	14,828.09	-	-	16,106.14	14,828.09
Segment Results	847.52	839.41	(31.68)	-	815.84	839.41
Segment Assets	8,069.68	8,014.00	1,178.32	-	9,248.00	8,014.00
Segment Liabilities	2,894.92	2,042.25	294.50	-	3,189.42	2,042.25
Capital Expenditure	1,490.23	2.09	1,210.00	-	2,700.23	2.09
Depreciation	140.27	279.90	31.68	-	171.95	279.90

Rs.in lacs
Reconciliation of reportable segments with the financial statements:

Particulars	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Total Reportable Segment	16,106.14	14,828.09	815.84	839.41	9,248.00	8,014.00	3,189.42	2,042.25	2,700.23	2.09	171.95	279.90
Corporate-Unallocated	113.55	99.86	(623.07)	(280.62)	-	-	-	-	-	-	-	-
Inter Segment	-	-	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	122.47	48.46	-	-	-	-	-	-	-	-
Interest and Dividend Income	-	-	113.55	99.86	-	-	-	-	-	-	-	-
Total	16,219.69	14,927.95	428.79	707.11	9,248.00	8,014.00	3,189.42	2,042.25	2,700.23	2.09	171.95	279.90

b) Geographical Segment
Rs.in lacs

Particulars	India		Rest of the World		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Segment Revenue	11,282.73	11,082.91	4,823.41	3,745.19	16,106.14	14,828.10
	11,282.73	11,082.91	4,823.41	3,745.19	16,106.14	14,828.10

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.55.81 lacs (Previous Year Nil) has been recognized as rental Income from commercial property situated at Bengaluru pending finalization of Lease agreement.

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	31-03-2012	31-03-2011
Face Value Per Share (Rs.)	10	10
Weighted Average No, of Shares	5,88,46,400	5,88,46,400
Basic and Diluted Earnings Per Share (Rs.)	0.73	1.20

Note - 40 - Acknowledgement of Balances

The Company has obtained confirmation of balances from all the banks and has sent confirmation of balances to Debtors and Creditors and responses have been received in a few cases.

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

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. 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

B.H. Kothari
Chairman & Managing Director

P.S.Balasubramaniam
Director

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

Place : Chennai
Date : August 02, 2012

S. Sundaramurthy
Company Secretary

N.R. Kuppuswamy
Partner

[illegible]



KOTHARI PETROCHEMICALS LIMITED

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

PROXY FORM

Folio No.:

* Client ID No.:

(* in case of dematerialized shares)

I / We of in the district of being a member(s) of the above named company, hereby appoint Mr./ Ms. of in the district of or failing in / him / her Mr. / Ms. of in the district of as my / our proxy to attend and vote for me / us on my / our behalf at the 23rd Annual General Meeting of the Company to be held on Thursday, the 20th September 2012, at 10.30 A.M. at "The Music Acadamey, Mini Hall, Old No. 306, New No.168, T.T.K. Raod, Chennai - 600 014 and at any adjournment thereof.

Signed this day of 2012

No. of Shares held

The Companies Act 1956, lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting. The Proxy need not be a Member of the Company.

Affix
Re. 1/-
Revenue
Stamp

Signature



KOTHARI PETROCHEMICALS LIMITED

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

ATTENDANCE SLIP

REQUEST TO MEMBERS

Folio / Client ID No. :

Name of the
Attending Member

Name of the Proxy*
* (If Proxy attends instead of member)

I here by record my presence at the 23rd Annual General Meeting

Venue : The Music Academy, Mini Hall
Old No. 306, New No. 168,
T.T.K. Road, Chennai - 600 014

Day & Date : Thursday, 20th September, 2012.

Time : 10.30 A.M.

1. Shareholders and their proxies should bring the attendance slip duly filled in for attending the meeting.
2. Members are requested to bring their copies of the Annual Report to the Meeting as the Company is unable to provide another copy in view of the increased cost of paper.
3. Members are requested to be in their seats at the Meeting Hall before the scheduled time for commencement of the Annual General Meeting to avoid interruption in the proceedings.
4. Members intending to appoint Proxies are requested to complete the Proxy Form sent herewith and deposit the same at the Registered Office of the Company 48 hours before the time fixed for holding the Meeting.
5. If you and/or your family members are receiving more than one copy of the Annual Report and other communication and would like to avoid duplication, kindly advice us to mail only one copy. This will help us to avoid wastage.

Note : Please ensure that your Folio/Client ID Number is duly mentioned in this form.

Signature of Shareholder/Proxy

