

July 18, 2020

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza
Bandra-Kurla Complex
Bandra [E], Mumbai - 400 051

Dear Sirs,

Stock Code - **KOTHARIPET**

Sub: 31st Annual Report of the Company and e-voting process of Kothari Petrochemicals Limited for the financial year 2019 - 2020.

- (i) Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Annual Report along with the Notice convening the 31st Annual General Meeting of the Company is enclosed.
- (ii) Further, we wish to inform that in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company shall provide to its members the facility to exercise their votes electronically for transacting the items of business as set out in the Notice convening the 31st Annual General Meeting of the Company.
- (iii) The Company has entered into an arrangement with Central Depository Services (India) Limited ('CDSL') for facilitating e-voting through their e-voting platform i.e. www.evotingindia.com.
- (iv) In compliance with MCA Circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 has been sent to the shareholders, only through electronic mode on Saturday, 18th July, 2020 to those members whose e-mail addresses are registered with the Company/Depositories.
- (v) Proof of sending of Annual Report through e-mail to shareholders is enclosed for your records.
- (vi) Kindly take the same on your record and display the same on the website of the Stock Exchange.

Thanking You,

Yours faithfully
for Kothari Petrochemicals Limited

Deepa Bansal
Company Secretary & Compliance Officer

Encl: as above



Kothari Petrochemicals Limited

31st Annual Report 2019 - 20





Bhadrashyam H Kothari

11.11.1961 - 22.02.2015



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

CORPORATE INFORMATION**Board of Directors :**

Nina B. Kothari - Chairperson
Arjun B. Kothari - Managing Director
M. Rajavel - Whole Time Director
Pranab Kumar Rudra - Independent Director
S. Sundarraman - Independent Director
V.V. SuryaRau - Independent Director

Company Secretary :

Deepa Bansal

Chief Financial Officer :

S. Sivamahesh

Statutory Auditors :

P. Chandrasekar LLP
Chartered Accountants
New No. 6, II Floor, Krishnaswamy Avenue,
Luz, Mylapore, Chennai - 600 004.

Internal Auditors :

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

Cost Auditors :

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

Secretarial Auditor :

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

Legal Advisors :

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

Registered Office :

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

Manufacturing Unit :

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

Registrar & Share Transfer Agent :

Cameo Corporate Services Limited
Subramanian Building, 5th Floor,
No.1, Club House Road,
Chennai - 600 002.
Phone No. 044 - 28460390 to 28460394
Fax No. 044 - 28460129
e-mail: investor@cameoindia.com

Listing :

The National Stock Exchange of India Limited (NSE)

Stock Code**KOTHARIPET****ISIN****INE720A01015****CIN****L11101TN1989PLC017347**

CONTENTS

	Page No.
Notice to the Members	3
Board's Report	10
Management Discussion and Analysis	28
Corporate Governance Report	30
Auditors' Report	39
Balance Sheet	46
Statement of Profit and Loss	47
Cash Flow Statement	49
Notes Forming Part of Financial Statements	50

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
PROFITABILITY ITEMS					
Gross Income	27,603.60	30,220.97	20,129.04	24,654.32	23,572.93
Profit (PBDIT)	3,048.50	2,356.03	1,949.88	1,457.30	1,806.52
Profit / (Loss) After Tax	1,832.91	1,218.57	957.60	580.75	918.45
BALANCE SHEET ITEMS					
Net Fixed Assets	9,721.63	10,024.30	9,525.83	6,899.45	5,454.54
Investments	400.00	-	-	-	613.83
Total Capital Employed	11,107.50	9,888.53	9,692.19	8,618.32	7,168.11
Shareholders Funds	10,021.49	8,548.29	7,862.95	7,083.69	6,669.44
RATIOS					
Book Value per share (₹)	17.03	14.53	13.36	12.04	11.33
EPS (₹)	3.11	2.07	1.63	0.99	1.56
Return on Investment	18.29%	14.26%	12.18%	8.20%	13.77%
Dividend %	-	5%	7.50%	5%	10%

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

NOTICE TO THE MEMBERS

Notice is hereby given that the 31st Annual General Meeting of Kothari Petrochemicals Limited will be held on Monday, 10th August 2020 at 10.00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020, the Reports of the Auditors thereon and Report of the Board of Directors.
2. To appoint a Director in the place of Mr. Arjun B. Kothari, (DIN: 07117816) who retires by rotation and being eligible offers himself for re-appointment.

Special Business

3. Ratification of Remuneration to Cost Auditor

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

"Resolved that subject to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 (including statutory modification(s) or reenactment(s) thereof, for the time being in force), payment of remuneration of ₹ 75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to M/s. P. Rajulyer, M. Pandurangan & Associates, Cost Accountant in practice for conducting the audit of cost records for the Poly Iso Butylene (PIB) unit of the Company for the year 2020-2021, be and is hereby ratified and confirmed".

4. To consider and approve the Re-appointment of Mr. Arjun B. Kothari as Managing Director of the Company

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

"Resolved that pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification or re-enactment thereof, approval of the members of the company be and is hereby accorded for the re-appointment of Mr. Arjun B. Kothari (DIN: 07117816) as the Managing Director of the company for a period of five years with effect from 01st April 2020 on the terms and conditions including remuneration as set out in this Resolution and sanctioned with authority to the Board of Directors of the Company to alter or vary the terms and conditions of the said re-appointment in such manner as the Board may deem fit but subject to compliance of applicable provisions of law at that point of time and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies

Act, 2013 from a member proposing his candidature for the office of Director and whose directorship is liable to retirement by rotation.

(a) Salary:

₹ 5,00,000/- (Rupees Five Lakhs Only) per month.

(b) Perquisites:

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

(c) Contribution to funds:

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

Resolved further that Mr. Arjun B. Kothari, 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, 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, and annual performance commission if any, excluding the perquisites mentioned under Section IV of Part II of Schedule V of Companies Act, 2013, shall be treated as minimum remuneration subject to limits mentioned under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limit as may be prescribed by the Government from time to time shall be paid.

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

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

Place : Chennai

Date : June 16, 2020

Deepa Bansal
Company Secretary

NOTICE TO THE MEMBERS
Important Notes:

- a) In view of the continuing COVID-19 global pandemic, the Ministry of Corporate Affairs vide its Circular No.20/2020 dated May 05, 2020 read with Circular No.14/2020 dated April 8, 2020 and Circular No.17/2020 dated April 13, 2020 allows conducting of Annual General Meeting of the Company through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without the physical presence of the members for the meeting at a common venue. In terms of the said Circulars and in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The deemed venue for the AGM shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is appended herewith and also available at the Company's website www.kotharipetrochemicals.com
- b) Since the AGM is being conducted through VC / OAVM, the facility for appointment of proxies by the Members will not be available for this AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
- c) Corporate members are requested to send to the Company, a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote in the AGM through VC / OAVM on its behalf and to vote through remote e-voting. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.
- d) The Register of Members and Share Transfer Books will remain closed from Tuesday, the 4th August 2020 to Monday, 10th August 2020 (both days inclusive) on account of the Annual General Meeting.
- e) 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.
- f) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the dividend declaration year 2013-14 to 2019-20 are advised to write to the Company / RTA immediately claiming the dividends declared by the Company. The details of unpaid dividends that are due for transfer to Investor Education and Protection Fund (IEPF) along with due dates are furnished below. As per Section 124 (6) of the Companies Act, 2013, all the shares in respect of which dividend has not been paid or claimed **for seven consecutive years or more** shall be transferred by the Company in the name of IEPF. The shareholders are entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Companies Act, 2013.
- | S. No. | Nature of Dividend | Date of Declaration | Due Date for Transfer to IEPF |
|--------|--------------------|---------------------|-------------------------------|
| (i) | Final Dividend | 05.09.2013 | 10.10.2020 |
| (ii) | Final Dividend | 02.09.2014 | 07.10.2021 |
| (iii) | Final Dividend | 10.08.2015 | 15.09.2022 |
| (iv) | Interim Dividend | 19.03.2016 | 24.04.2023 |
| (v) | Interim Dividend | 13.02.2017 | 21.03.2024 |
| (vi) | Final Dividend | 07.09.2017 | 13.10.2024 |
| (vii) | Final Dividend | 30.07.2018 | 04.09.2025 |
| (viii) | Final Dividend | 06.08.2019 | 10.09.2026 |
- g) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the dividend declaration years 2013-14 to 2018-19, as on 31st March 2019 on the website of the IEPF viz. www.iepf.gov.in & also in the Company's Website www.kotharipetrochemicals.com under "Investors Section." For the Dividend Declaration year 2019-20, the information as on 22nd November 2019 has been uploaded in the Company's website.
- h) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NACH / NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Share Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transmission of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.
- i) Shareholders are requested to update their Bank account details with their Depository Participant if they are holding the shares in Demat and to RTA in case, they are holding the shares in physical. In this connection, the Company has issued three reminders to all shareholders, who have not updated their PAN and Bank account details of first and sole shareholders of the Company. Once again, the members are advised to update your KYC with RTA.
- j) Further, the Company draws your attention to the notification issued by SEBI dated June 08, 2018 and the press release dated 3rd December 2018 amending Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the amended provisions, any request for effecting transfer of shares in physical form shall not be processed except in case of transmission or transposition of shares unless the shares are held in demat form. Hence, the Company / Registrar and Share Transfer Agent would not be in a position to accept / process the requests for transfer of shares held in physical form with effect from 01.04.2019. Therefore, the Company advises you to take immediate steps for

NOTICE TO THE MEMBERS

dematerializing your shareholding in the Company. Holding of shares in dematerialized form offers host of benefits like enhanced security, ease of handling, faster transfers and eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the shares hassle-free, kindly take steps for dematerializing the shares at the earliest.

- k) The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.
- l) 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. Deletion of Name, Transmission of Shares, Transposition of Shares, etc. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
- m) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under the Members holding shares in single name may, at any time, nominate in form SH-13, any person as his/her nominee to whom the securities shall vest in the event of his/her death. Nomination would help the nominees to get the shares transmitted in their favour without any hassles. Members desirous of making any cancellation/variation in the said nomination can do so in form SH-14. The nomination forms can be downloaded from the Company's website www.kotharipetrochemicals.com.
- n) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 (SS-2) with respect to the Director seeking re-appointment at the forthcoming Annual General Meeting is appended to this Notice.
- o) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Notice calling the AGM and Annual Report has been uploaded on the website of the Company at <https://www.kotharipetrochemicals.com/>. The Notice can also be accessed from the website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the VC / OAVM facility, Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com. For any communication, the shareholders may also send requests to the Company's investor email id: secdept@hckgroup.com
- p) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can send an e-mail to secdept@hckgroup.com requesting for inspection of the Registers.

- q) The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- r) Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company shall provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM through VC or OAVM will be provided by CDSL.

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

- i) The remote e-voting period begins on Thursday, 6th August 2020 at 9.00 A.M. and ends on Sunday, 09th August, 2020 at 5.00 P.M. During this period, Members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, 3rd August 2020 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote through e-voting provided during VC / OAVM.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on "Shareholders" module to cast your votes.
- v) Now Enter your User ID:

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

- vi) Then enter the Image Verification Captcha Code as displayed and Click on Login.
- vii) 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.

NOTICE TO THE MEMBERS

viii) If you are a first time user follow the steps given below:

Details	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (applicable for both Demat shareholders as well as Physical shareholders). Shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is mentioned in the e-mail communication in the PAN field sent by Company / RTA or contact Company / RTA.	
Dividend Bank Details or DOB	Enter the Dividend Bank Details or 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 in order to login. If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).	

ix) After entering these details appropriately, click on "SUBMIT" tab.

x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

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.

xi) For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.

xii) Click on the relevant Company Name i.e. Kothari Petrochemicals Limited on which you choose to vote.

xiii) 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.

xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution.

xv) 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.

xvi) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xviii) If a demat account holder has forgotten the login

password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xix) If you are registered for CDSL's EASI/EASIEST e-services, you can login at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

xx) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play store, iPhone and windows phone users can download the app from the App Store and the Windows Phone Stores respectively.

xxi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

(a) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com

(b) After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

(c) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(d) Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer (alagarcs@gmail.com) and to the RTA (murali@cameoindia.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

xxii) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

xxiii) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futrex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call 022-23058542/43.

NOTICE TO THE MEMBERS

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this Notice:

- 1. For Physical shareholders :** Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) through email.
- 2. For Demat shareholders :** Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) through email.

The above documents need to be sent to the email address of the Company / RTA viz: secdept@hckgroup.com / murali@cameoindia.com

Instructions for shareholders attending the AGM through VC / OAVM are as under :

- Shareholders will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / Desktop / IPads for better experience.
- Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable WiFi or LAN Connection to mitigate any kind of aforesaid glitches.
- The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request **in advance atleast 03 days** prior to meeting mentioning their name, demat account number / folio number, email id, mobile number at secdept@hckgroup.com. The

shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 03 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secdept@hckgroup.com.

- Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

Instructions for shareholders for e-voting during the AGM are as under :

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

General

- The remote e-voting period commences on Thursday, 6th August, 2020 at 9.00 A.M. and ends on Sunday, 9th August, 2020 at 5.00 P.M. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting. The remote e-voting module shall be blocked by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- After dispatch of the notice, any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Monday, 3rd August, 2020 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.
- The voting rights of a member shall be in proportion to his shares in the paid-up equity share capital of the Company as on the cut-off date of i.e. Monday, 3rd August, 2020.
- Mr. M. Alagar of M/s. M. Alagar & Associates, (M.No.7488 / CP No.8196) Practicing Company Secretaries, Chennai, has been appointed as Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.

NOTICE TO THE MEMBERS

- e) The Scrutinizer shall immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days after the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kotharipetrochemicals.com and website of CDSL <http://www.evotingindia.com> and also forward the same to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.

Explanatory statement in respect of the special business pursuant to section 102 of the Companies Act, 2013.
Item No. 3

The Audit Committee and the Board of Directors of the Company at their meetings held on 16th June, 2020 appointed M/s. P. Rajulyer, M. Pandurangan & Associates, Cost Accountants as the Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the year 2020-2021.

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

Accordingly, consent of the Members is sought by way of Ordinary Resolution as set out in Item No. 3 of the Notice to ratify the remuneration of ₹ 75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses to M/s. P. Rajulyer, M. Pandurangan & Associates, Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the financial year 2020-2021 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 16th June 2020.

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.3.

In terms of Regulation 17(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company recommends passing of the Resolution set out in Item No. 3 to the shareholders of the Company.

Item No. 4

Mr. Arjun B. Kothari, son of Late Shri B. H. Kothari aged about 28 years, has a Bachelor of Science (Education and Social Policy) degree from the Northwestern University, Evanston, Illinois, United States of America and Science PO (Global Health & European Politics Focus) from Paris, France. He worked in General Electric Company, USA as a Senior Specialist in the Management Development Rotation Program. He has also held various positions during his studies in USA which includes off-campus senator at Northwestern University, Evanston, USA and Research Assistant at Kellogg School of Management at Northwestern University, Evanston, USA.

Mr. Arjun B. Kothari was appointed as Managing Director for a period of five years with effect from 8th April 2015. The Board of Directors, on the recommendation of Nomination and Remuneration Committee, at its meeting held on Feb 12, 2020 re-appointed Mr. Arjun B. Kothari as Managing Director and Whole Time Key Managerial Person (KMP) of the Company for a period of five years with effect from 1st April 2020 on a remuneration as set out in Item No. 4 of this notice to the Shareholders of the Company. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing Mr. Arjun B. Kothari as a candidate for the office of Director of the Company.

Considering the profile of Mr. Arjun B. Kothari and current trend of compensation package in Corporates, the remuneration proposed is in line with comparable remuneration levels in the industry and also in line remuneration policy.

The Nomination & Remuneration Committee and the Board are satisfied about his positive attributes, quality and willingness to shoulder the responsibilities and consider him to be a good resource to the company based on his experience, qualification, family and business background. The Board of Directors also noted the contribution made by Mr. Arjun B. Kothari, during his tenure as the Managing Director.

Except Mr. Arjun B. Kothari, being the appointee and Mrs. Nina B. Kothari relative of appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No. 4. The disclosure under Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is annexed with the Notice.

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

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

Deepa Bansal
 Company Secretary

Place : Chennai
 Date : June 16, 2020

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

THE INFORMATION IN RESPECT OF ITEM NO. 2 & 4, IN ACCORDANCE WITH REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS-2 (SS-2) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ABOUT THE DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER:

Particulars	Item No. 2 & 4
Name of the Director	Arjun B. Kothari
Date of Birth	11.09.1991
Date of First Appointment on the Board	08.04.2015
Qualification	Bachelor of Science, Northwestern University, Evanston, Illinois, United States of America & Global Health and European Politics from Paris Institute of Political Studies, Paris, France.
Experience in specific functional areas	Mr. Arjun B. Kothari is holding directorship in H C Kothari Group of Companies. He also worked in General Electric Company, USA as a senior specialist in the management development rotation programme. His work involved analyzing future interests of the company, developing strategic plans to achieve goals and collaborating and implementing steps to improve retention rate for expatriated workers.
List of other Public Companies in which Directorship held	a) Kothari Sugars and Chemicals Limited b) Kothari Safe Deposits Limited
Chairman / Member of the Committee of the Board of Director of the Company	Member a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee c) Technical Committee Chairman a) Investments and Credit Approval Committee
Chairman / Member of the Committee of the other companies in which he/she is a Director	In Kothari Sugars and Chemicals Limited as a Member : a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee In Kothari Sugars and Chemicals Limited as a Chairman : a) Investment & Credit Approval Committee In Kothari Safe Deposits Limited as a Chairman : a) Share Transfer Committee b) Investment Committee
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2020	9,393 Equity Shares.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Arjun B. Kothari is the son of Mrs. Nina B. Kothari, Chairperson of the Company.
Number of meetings attended during the year.	Please refer Corporate Governance Section.

BOARD'S REPORT
To the Members

The Directors have pleasure in presenting before you the 31st Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2020.

Financial Summary of the Company

(₹ in Lakhs)

Sl. No.	Particulars	2019 - 2020	2018 - 2019
(i)	Total Turnover	27243.08	29901.24
(ii)	Profit/(Loss) before Interest and Depreciation	3193.03	2356.03
(iii)	Interest	204.27	307.05
(iv)	Depreciation	553.92	453.33
(v)	Profit / (Loss) Before Tax	2434.84	1595.65
(vi)	Tax Adjustments including Deferred Tax	601.94	377.09
(vii)	Profit / (Loss) after Tax	1832.91	1218.57
(viii)	Other comprehensive income	0.14	(1.16)
(ix)	Total comprehensive income	1833.05	1217.41
(x)	Profit brought forward from previous year	2624.07	1943.87

Financials Highlights

The Company's Profit before Tax for the year ended 31st March 2020 has increased to ₹ 2434.84 lakhs as compared to ₹ 1595.65 lakhs in the previous year. The total turnover for the year ended 31st March 2020 is ₹ 27243.08 lakhs as against ₹ 29901.24 lakhs in the previous year. The decrease in turnover is mainly due to lower LPG Sales by ₹ 5299.10 lakhs. However, there is increase in Poly Iso Butylene (PIB) Sales by ₹ 2698.65 lakhs, from ₹ 20533.49 lakhs to ₹ 23232.14 lakhs.

Status of the Plant

The plant production capacity remains at 24000 TPA of Poly Iso Butylene (PIB) and an application has been submitted to get consent for enhancing the production to 36,000 TPA. Generally, the plant is in good health to produce various grades of Poly Iso Butylene as per market demand.

The Company continues to enjoy the benefit of getting the low-cost raw material from the investment made in enriching the Lean PBFS (cracked LPG). The Company, after a long discussion with one of its raw material suppliers, has switched over to a high pure feed stock instead of low pure feed stock from their cracker. This has helped the Company achieve greater operating efficiencies and other operating improvements which has resulted in a better contribution to the bottom line.

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

The newly commissioned Effluent Water Recycle plant is very supportive for the plant to meet almost 50% of raw water requirement apart from meeting the stringent PCB's effluent discharge norms. In addition to this effort, the company also entered into an agreement with Chennai Metro Water Board to get their Tertiary Treated RO water which is a replacement of a costlier water supplied by the same Metro water Board.

The solar plant continues to generate power which is consumed by the main plant along with Captive powerplants generation.

Your Company continues to get the following ISO certification - 9001:2015 for Quality Management system, 14001:2015 for Environmental Management system and are taking efforts to get ISO 45001:2018 for Occupational Health and Safety Management System.

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

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

Performance

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

BOARD'S REPORT

Your Company achieved a record production of 23,906 MT (Previous Year - 19,755 MT) which translates to a capacity utilisation of more than 98% (basis of Kvis 10 operation) in terms of 950 Molecular Weight Poly Iso Butylene.

Various Mass Flow meters were installed in all product loading bays to ensure that correct quantity is loaded in the tankers and minimise the manpower for such activities. This also helps to get more accuracy in the stock reconciliation.

The efforts taken to develop new applications showing encouraging results and our new product has been positioned in the market to win the mindsets of the customers and further trials are being taking place at various new customers.

Plant automation

As the 1st phase of plant automation strategy, Your Company has invested significant amount in "Auto Processing Control" (APC) system which has started giving the desired result. Lot of control valves were replaced with correct specification to suit the current level of production and brought their operation in Auto mode. This helped the plant operation with added safety and smooth controls.

Safety

General Safety Audit has been conducted during 2018-2019. All the recommendations have been implemented and there are no unsafe conditions identified in the Audit.

Process Safety Management

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

Pollution and Environment compliances

The Central Pollution Control Board has introduced "Online" monitoring and checking for the Air and Effluent parameters. Your company has created all necessary facilities as per Pollution Control Board's direction and submitted the records and confirming the statutory requirements with respect to Pollution norms. Your company, along with other member units of Manali Industrial Area, took efforts to consolidate and present the fact and figures to PCB on the CEPI index which the NGT wanted the PCB to submit.

Research and Development

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

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

(a) Conservation of Energy

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

(b) Technology absorption: Nil

(c) Foreign exchange earnings and Outgo:

(₹ in Lakhs)

Sl. No.	Particulars	2019-20	2018-19
(i)	Total Foreign Exchange earned	4395.12	3704.82
(ii)	Total Foreign Exchange outflow	61.33	104.66

Dividend

The Board of Directors met on 16th June 2020 to take account of the full year performance, various growth opportunities and the ongoing pandemic. After reviewing this, the Board of Directors has decided not to recommend any dividend for the year 2019-2020 given the projects that have been lined up and the forward expansion plans.

Board Meetings

During the year 04 Board Meetings and 04 Audit Committee Meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between two meetings was within the period as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Share Capital

The paid-up share capital as on March 31, 2020 was ₹ 5884.64 Lakhs. The company has not issued any shares with differential voting rights nor granted stock options or sweat equity.

Directors and Key Managerial Personnel

Mr. Arjun B. Kothari, (DIN: 07117816) was appointed as Managing Director on 08th April 2015 and the Board has re-appointed him for a further period of five years with effect from 01st April 2020 subject to approval of shareholders in this Annual General Meeting with the remuneration as set out in the Notice of the Company.

Mr. V.V. SuryaRau (DIN: 00010274) was appointed as an Independent Director with effect from 20th May 2019. Mr. A. Thanikainathan, Company Secretary of the Company resigned with effect from August 09, 2019 and Ms. Deepa Bansal was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 10, 2019.

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

BOARD'S REPORT
Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6) including the confirmations that their names have been included in the Data Bank maintained by the Indian Institute of Corporate Affairs.

During the year under review, the Independent Directors met on February 12, 2020 without the presence of Non-Independent Directors and members of the Management.

Composition of Audit Committee

The details of composition of Audit Committee is provided in Corporate Governance Report of this Annual Report. The Board has not rejected any proposal / recommendations of Audit Committee during the year.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The salient features of the Remuneration Policy details are stated in the Corporate Governance Report. The Remuneration Policy approved by the Board of Directors is posted on the website of the Company www.kotharipetrochemicals.com

Vigil Mechanism

The Company has a vigil mechanism named "Whistle Blower Policy" to deal with genuine concerns raised by the Directors / Employees, if any. The details of the Whistle Blower policy is explained in the Corporate Governance Report and also posted on the Company's website www.kotharipetrochemicals.com

Particulars of Loans, Guarantees or Investments

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

Related Party Transactions

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

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the

transactions which are foreseen and repetitive in nature. For all the transactions entered pursuant to the omnibus approval so granted, a statement giving details of all such transactions is placed before the Audit Committee for their approvals on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is posted on the Company's website www.kotharipetrochemicals.com

Prevention of Insider Trading

The Company has adopted a Code of Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Persons of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT - 9 is attached as a part of this Annual Report.

BOARD'S REPORT**AUDITORS****a) Statutory Auditor**

The Statutory Auditors of the Company M/s. P. Chandrasekar LLP, Chartered Accountants (Registration No. 000580S / S200066) hold office till the conclusion of the 33rd Annual General Meeting of the Company.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Poly Iso Butylene (PIB) unit require to be audited. Your Directors, on the recommendation of the Audit Committee, appointed M/s. P. Rajulyer, M. Pandurangan & Associates, Cost Accountants in practice for conducting the audit of cost records of the Company and the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. P. Rajulyer, M. Pandurangan & Associates, Cost Accountant is included at Item No. 3 of the Notice convening this Annual General Meeting.

c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. V. Vasumathy, V. Vasumathy and Associates, Company Secretary in Practice, Chennai as Secretarial Auditor of the Company. The Secretarial Audit Report is forming part of this Annual Report and does not contain any qualification or observations.

Deposits

The Company has not accepted deposits either from members or public falling within the ambit of Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. There were no outstanding deposits during and end of the financial year 2019 - 2020.

Significant & Material orders passed by the regulators

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

Internal Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Audit function is carried out by independent firm of Chartered Accountants. The scope and authority of the Internal Audit is defined by the Audit Committee. The Internal Audit Reports are placed before the Audit Committee for its review and the Internal Auditor attend the Audit Committee meetings.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures of the Company based on the report of internal auditor, the Company undertakes corrective action in their respective areas and thereby strengthens the controls.

Risk Management

Pursuant to the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. Accordingly, the Company periodically submits the Risk Management Report to the Board for their review and suggestions.

Corporate Social Responsibility Policy

Pursuant to the provisions of Section 135 and schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee (CSR) was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy for consideration and approval by the Board of Directors. The policy on Corporate Social Responsibility as approved by the Board is posted on the Company's website www.kotharipectrochemicals.com

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for the schemes of promotion of education. The contributions in this regard have been made to the Registered Trust which is undertaking the schemes. Detailed report on CSR activities in the prescribed format is forming part of this Annual Report.

Annual Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out the Annual Performance Evaluation of the Board, its Committees and of the individual Directors in the format (questionnaire) prescribed by the Nomination and Remuneration Committee of the Company.

BOARD'S REPORT

The structured questionnaire covers various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Directors (without participation of the relevant Director) was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

Separate Meeting of Independent Directors

The Independent Directors of the Company had met during the year to review the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairperson of the Company and also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board without the presence of the Non-Independent Directors and members of the Management.

Disclosure about Cost Audit

Filing of Cost Audit Report	2019 - 2020	2018 - 2019
Due Date	27.09.2020	27.09.2019
Actual Date	30.08.2020 (Tentatively)	29.08.2019
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	Nil

Listing with Stock Exchanges

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTHARIPET and ISIN: INE720A01015. The Company confirms that it has paid the Annual Listing Fees for the year 2020 - 2021 to NSE where the Company's shares are listed.

Corporate Governance and Shareholders Information

Your Company has taken adequate steps to adhere to all the stipulations laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance forms part of this Annual Report. All applicable Secretarial Standards have been complied.

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

Management Discussion and Analysis Report

A detailed discussion on the industry structure as well as on the financial and operational performance is contained in the 'Management Discussion and Analysis Report' that forms an integral part of this Report.

Particulars of Employees

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

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

- The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details: Except Mr. Arjun B. Kothari Managing Director and Mr. M. Rajavel, Whole Time Director of the Company, no director was in receipt of remuneration except sitting fees.

BOARD'S REPORT

Sl. No.	Name	Designation	Ratio
(i)	Mr. Arjun. B. Kothari	Managing Director	6.74:1
(ii)	Mr. M. Rajavel	Whole Time Director	9.14:1

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name	Designation	Percentage of Increase
(i)	Mr. Arjun. B. Kothari	Managing Director	No increase
(ii)	Mr. M. Rajavel	Whole Time Director	12%
(iii)	Mr. A. Thanikainathan(*)	Company Secretary	12%
(iv)	Mr. S. Sivamahesh(**)	Chief Financial Officer	-
(v)	Ms. Deepa Bansal (***)	Company Secretary	-

*Mr. A. Thanikainathan has resigned with effect from 09th August, 2019.

**Mr. S. Sivamahesh was appointed as Chief Financial Officer of the Company with effect from 12th February, 2019.

***Ms. Deepa Bansal was appointed as Company secretary and Compliance Officer of the Company with effect from 10th August, 2019.

- c) 12.60 % increase was reported in the median remuneration of employees in the financial year 2019 - 2020.
- d) The number of permanent employees on the rolls of company as on 31st Mar 2020: 136.
- e) Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Increase of remuneration for employees varies between 8% to 25% and for KMP, the increase in remuneration was 12% during the year.

- f) We affirm that the remuneration paid during the period under review, is as per the Remuneration Policy of the company.

Cautionary Statement

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

Acknowledgement

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

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

Place : Chennai
Date : June 16, 2020

Nina B. Kothari
Chairperson

Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020.

Sl. No	Name	Designation	Qualification	Gross Remuneration (₹. In Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last or Previous Employment	No. of Equity Shares held	Relative of Director or Manager
1	Arjun B Kothari	Managing Director	B.Sc., Northwestern University, USA & Global Health and European Politics from Paris Institute of Political Studies, Paris, France	115.79	Permanent	08-04-2015	28	6	General Electric Company, USA	9393	Mr. Arjun B. Kothari is the son of Mrs. Nina B. Kothari, Chairperson of the Company
2	M. Rajavel	Whole Time Director	B.Sc.	64.99	Permanent	04-05-1997	57	34	Chemfab Alkalies Pvt. Limited	-	-
3	N. Ramakumar	GM-Finance & Accounts	FCA	32.84	Permanent	01-06-2010	55	33	Kothari Sugars and Chemicals Limited	-	-
4	S. Sivamahesh	Chief Financial Officer	M.Com., ACA	23.49	Permanent	30-01-2019	36	11	Stanadyne India Pvt Ltd	-	-
5	P. Premapriyan	General Manager - Operation	B.E. Chemical	24.82	Permanent	01-11-2018	40	20	Oren Hydrocarbons Pvt. Ltd	-	-
6	R. Saravanan	Sr. Manager Business Devp.	B Tech Chemical, PGDM-MKRT	22.55	Permanent	08-03-2018	40	19	Wolkem India Ltd	-	-
7	K. Sreekanteswaran	President - Legal & Taxation	B.Com.	20.69	Permanent	16-06-2011	58	9	Madras Entertainment Pvt. Ltd.	-	-
8	S.V. Ramesh	Sr. Manager Supply Mgmt	DME	20.57	Permanent	08-10-2011	50	26	Bonfiglioli Transmissions P.Ltd.	-	-
9	G. Tamilmani	Head - Engineering	B.E. Mechanical	18.33	Permanent	27-07-2006	50	28	Design Tech. Systems	-	-
10	S. Chellapa	AGM - IT	M.C.A	18.32	Permanent	01-09-2013	52	27	Kothari Sugars and Chemicals Limited	-	-

Notes:

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

BOARD'S REPORT

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
 as on the financial year ended on 31st March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
 (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	L11101TN1989PLC017347
Registration Date	28.04.1989
Name of the Company	Kothari Petrochemicals Limited
Category/ Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	"Kothari Buildings", No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034. Phone No. 044-30225507 Fax No. 044-28334560 Email: secdept@hckgroup.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 5 th Floor, No.1, Club House Road, Chennai - 600 002. Phone No. 044 - 28460390 to 28460394 Fax No. 044 - 28460129 E-mail: investor@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to total turnover of the company
1	Poly Iso Butylene	22208	85.28%
2	C4 Raffinate (LPG)	19201	11.49%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GLN LLPIN / FLLPIN	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
1	BHK Trading LLP No.115,Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	AAE-5313	Holding	60.34	2(46)

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

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. 1	Promoter									
(a)	Indian									
(b)	Individual / Hindu Undivided Family	62,57,700	-	62,57,700	10.63	62,66,993	-	62,66,993	10.65	0.02
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	3,55,04,812	-	3,55,04,812	60.33	3,55,04,812	-	3,55,04,812	60.33	-
(e)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4,17,62,512	-	4,17,62,512	70.96	4,17,71,805	-	4,17,71,805	70.98	0.02
2	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investors (QFIs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	4,17,62,512	-	4,17,62,512	70.96	4,17,71,805	-	4,17,71,805	70.98	0.02

BOARD'S REPORT

Sl. No.	Categories of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public shareholding									
1	Institutions									
(a)	Mutual Funds/ UTI	-	49,400	49,400	0.08	-	49,400	49,400	0.08	-
(b)	Financial Institutions / Banks	2000	-	2000	0.00	5,481	-	5,481	0.00	-
(c)	Central / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	14,56,931	-	14,56,931	2.48	14,56,931	-	14,56,931	2.48	-
(f)	Foreign Institutional Investors	-	40,500	40,500	0.07	-	40,500	40,500	0.07	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	14,58,931	89,900	15,48,831	2.63	14,62,412	89,900	15,52,312	2.63	-
2	Non-institutions									
(a)	Bodies Corporate	54,37,368	93,400	55,30,768	9.40	55,54,358	78,400	56,32,758	9.57	0.17
(b)	Individuals -									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	49,41,226	13,63,735	63,04,961	10.71	47,25,384	12,76,935	60,02,319	10.20	(0.51)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	22,59,934	39,400	22,99,334	3.91	23,95,533	39,400	24,34,933	4.14	0.23
(c)	Any Other									
(i)	Directors & Relatives	4,200	-	4,200	0.00	4,200	-	4,200	0.00	-
(ii)	Non-Resident Indians (NRI's)	3,25,082	7,000	3,32,082	0.56	3,22,604	7,000	3,29,604	0.56	-
(iii)	Clearing Members	10,912	0	10,912	0.02	24,873	-	24,873	0.04	0.02
(iv)	Hindu Undivided Families	4,99,050	1	4,99,051	0.85	4,81,039	1	4,81,039	0.82	(0.03)
(v)	IEPF	5,52,749	-	5,52,749	0.94	6,12,557	-	6,12,557	1.04	0.10
(vi)	Trust	1,000	-	1,000	0.00	-	-	-	-	-
	Sub-Total (B)(2)	1,40,31,521	15,03,536	1,55,35,057	26.39	1,41,20,547	14,01,736	1,55,22,283	26.37	(0.02)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,54,90,452	15,93,436	1,70,83,888	29.03	1,55,82,959	14,91,636	1,70,74,595	29.01	(0.02)
	TOTAL (A)+(B)	5,72,52,964	15,93,436	5,88,46,400	100.00	5,73,54,764	14,91,636	5,88,46,400	100.00	-
C.	Shares held by Custodians and against which Depository Receipts have been issued									
(i)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(ii)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	5,72,52,964	15,93,436	5,88,46,400	100.00	5,73,54,764	14,91,636	5,88,46,400	100.00	-

ii) Shareholding of Promoters

Sl. No.	Promoters Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Nina Bhadrashyam Kothari	62,57,500	-	62,57,500	10.63	62,57,500	-	62,57,500	10.63	-
(ii)	Kothari Sugars and Chemicals Ltd.	60,59,000	-	60,59,000	10.30	1,000	-	1,000	0.00	(10.30)
(iii)	BHK Trading LLP	2,94,45,812	-	2,94,45,812	50.03	3,55,03,812	-	3,55,03,812	60.33	10.30
(iv)	Arjun B. Kothari	100	-	100	0.00	9,393	-	9,393	0.02	0.02
(v)	Nayantara B. Kothari	100	-	100	0.00	100	-	100	0.00	-
(vi)	Anandita Kothari	-	-	-	-	-	-	-	-	-
Total		4,17,62,512	-	4,17,62,512	70.96	4,17,71,805	-	4,17,71,805	70.98	0.02

BOARD'S REPORT

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

Name of the Promoter	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
Arjun B. Kothari				
At the beginning of the year	100	0.00	100	0.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc.,)	1,000 Equity Shares Purchased from open market on 19.03.2020	0.00	1,100	0.00
	967 Equity Shares Purchased from open market on 20.03.2020	0.00	2,067	0.00
	800 Equity Shares Purchased from open market on 24.03.2020	0.00	2,867	0.00
	6,526 Equity Shares Purchased from open market on 26.03.2020	0.01	9,393	0.02
At the end of the year			9,393	0.02
BHK Trading LLP				
At the beginning of the year	2,94,45,812	50.04	2,94,45,812	50.04
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	60,58,000 Equity Shares purchased from off-market through inter se transfer on 25.02.2020	10.30	3,55,03,812	60.34
At the end of the year			3,55,03,812	60.34
Kothari Sugars and Chemicals Limited				
At the beginning of the year	60,59,000	10.30	60,59,000	10.30
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc)	60,58,000 Equity Shares sold through off-market by inter se transfer on 25.02.2020	10.30	1,000	0.00
At the end of the year	-	-	1,000	0.00

BOARD'S REPORT
iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Life Insurance Corporation of India	14,56,931	2.48	14,56,931	2.48
2	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	5,52,749	0.94	6,12,557	1.04
3	Media Matrix Enterprises Private Limited	5,50,000	0.93	5,50,000	0.93
4	Infotel Ecommerce Private Limited	5,45,000	0.93	5,45,000	0.93
5	Infotel Telecom Infrastructure Private Limited	5,40,000	0.92	5,40,000	0.92
6	Arizona Global Services Private Limited	5,27,000	0.90	5,27,000	0.90
7	Indsec Sec. & Fin. Ltd.	5,25,000	0.89	5,25,000	0.89
8	Infotel Business Solutions Limited	5,20,000	0.88	5,20,000	0.88
9	Nextwave Televentures Private Limited	5,15,000	0.88	5,15,000	0.88
10	Eminent Networks Private Limited	5,00,000	0.85	5,00,000	0.85

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors					
Sl. No	Name of Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
(i)	Mrs. Nina B. Kothari	62,57,500	10.63	62,57,500	10.63
(ii)	Mr. Arjun B. Kothari - Managing Director	100	0.00	9,393	0.02
(iii)	Mr. M. Rajavel - Whole Time Director	-	-	-	-
(iv)	Mr. Pranab Kumar Rudra	-	-	-	-
(v)	Mr. S. Sundarraman	4,000	0.00	4,000	0.00
(vi)	Mr. V. V. SuryaRau (*)	-	-	-	-
For Each of the KMP					
(i)	Ms. Deepa Bansal - Company Secretary and Compliance Officer (*)	-	-	-	-
(ii)	Mr. A. Thanikainathan - Company Secretary and Compliance Officer (*)	-	-	-	-
(iii)	Mr. S. Sivamahesh - Chief Financial Officer	-	-	-	-

(*) Mr. V.V. SuryaRau was appointed as Independent Director w.e.f. 20th May 2019. Ms. Deepa Bansal was appointed as Company Secretary and Compliance Officer w.e.f. 10th August 2019. Mr. A. Thanikainathan resigned w.e.f. 09th August 2019 from the position of Company Secretary and Compliance Officer.

BOARD'S REPORT**V. INDEBTEDNESS**

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

Description	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,746.74	-	-	2,746.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.24	-	-	8.24
Total (i+ii+iii)	2,754.98	-	-	2,754.98
Change in Indebtedness during the Financial Year				
Addition	-	-	-	-
Reduction	(2,189.24)	-	-	(2,189.24)
Net Change	(2,189.24)	-	-	(2,189.24)
Indebtedness at the end of the Financial year				
i) Principal Amount	560.54	-	-	560.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.20	-	-	5.20
Total (i+ii+iii)	565.74	-	-	565.74

VI. Remuneration of Directors and Key Managerial Personnel**(A) Remuneration to Managing Director, Whole Time Director and / or Manager.** (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr.Arjun B. Kothari Managing Director	Mr.M. Rajavel Whole Time Director
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	49.69	64.99
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961		
2	Stock Options / Sweat Equity / Commission (as % of Profit & others) / Others, please specify.	66.10	-
Total (A)		115.79	64.99

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

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of the Directors			
		Mr. Pranab Kumar Rudra	Mr. S. Sundarraman	Mr. V.V. SuryaRau (*)	Total
1	Sitting fee for attending Board / Committees Meetings	2,30,000	2,50,000	2,10,000	6,90,000
2	Commission / Others, please specify	-	-	-	-
Total (B) (1)					6,90,000

(*) Mr. V.V. SuryaRau, was appointed as Independent Director with effect from 20th May 2019.

BOARD'S REPORT
2. Other Non Executive Directors

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of the Director	
		Mrs.Nina B. Kothari	Total
1	Sitting fee for attending Board and Committee Meetings	1,20,000	1,20,000
2	Commission / Others, please specify	-	-
		Total (B)(2)	1,20,000
		Total (B) = (B)(1)+(B)(2)	8,10,000

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel (KMP)			
		Mr. S. Sivamahesh Chief Financial Officer	Ms. Deepa Bansal Company Secretary & Compliance Officer (*)	Mr. A. Thanikainathan Company Secretary & Compliance Officer (**)	Total
	Gross Salary				
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	23.49	9.13	9.14	41.76
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Options / Sweat Equity / Commission (as % of Profit & others) Others, Please specify	-	-	-	-
	Total (C)	23.49	9.13	9.14	41.76

 (*) Ms. Deepa Bansal appointed as Company Secretary and Compliance Officer w.e.f. 10th August 2019.

 (**) Mr. A. Thanikainathan resigned w.e.f. 09th August 2019 from the position of Company Secretary and Compliance Officer.

VII. Penalties / Punishment / Compounding of Offences:

There were no Penalties / Punishment / Compounding of Offences for the Year ended March 31, 2020.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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

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

This policy shall apply to all CSR initiatives and activities taken up by KPL, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

The web-link on CSR policy: <http://www.kotharipectrochemicals.com/sites/default/files/kpl-csr-policy-20052019.pdf>

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

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

BOARD'S REPORT**2. The Composition of the CSR Committee**

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

Sl. No.	Name of the Directors	Designation
(i)	Mrs. Nina Bhadrashayam Kothari	Chairperson (Non-Executive & Non-Independent)
(ii)	Mr. Arjun B. Kothari	Member (Executive & Non-Independent)
(iii)	Mr. S. Sundarraman (*)	Member (Independent)

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

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

(₹ in Lakhs)

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2018 - 2019	1,595.65
(ii)	2017 - 2018	1,446.99
(ii)	2016 - 2017	997.35
Total		4,039.99
Average Annual Net Profit		1,346.66

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

2% of Average Net Profit comes around ₹ 26.93 Lakhs.

5. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year : ₹ 26.93 Lakhs
 (b) Amount unspent, if any : Nil
 (c) Manner in which the amount spent during the financial year : Attached as per annexure in this report.

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Place: Chennai

Nina B. Kothari

Arjun B. Kothari

Date : June 16, 2020

Chairperson CSR Committee

Managing Director

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

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or program 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Spent towards construction of additional class rooms / staircase in the HCK Balavihar school-located at Kattur, Lalgudi Taluk, Trichy, Tamil Nadu	Promoting Education / Literacy Enhancement	Location is Kattur Village, Lalgudi Taluk, Trichy District, Tamil Nadu	₹ 27.00 Lakhs	Direct Expenditure of ₹ 27.00 Lakhs	₹ 27.00 Lakhs spent during the financial year 2019-20.	An amount of ₹ 27.00 Lakhs has been spent through a Registered Trust namely HCK Educational & Development Trust.

(*) The details of implementing agency as given below:

Name of the Registered Trust	Address	Details of Trust and Experience
HCK Educational & Development Trust	No.18, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.	Trust Constituted on 24.06.2010 and received the exemption under Section 80G of the Income Tax Act, 1961. Experience: Since its inception the Trust was involved in the activities of developing and improving the Education. The Trust has undertaken the construction of the School Building and has ensured that quality education is provided to the needy children.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies
 (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

KOTHARI PETROCHEMICALS LIMITED

Kothari Buildings, No. 115, Mahatma Gandhi Road,
 Nungambakkam, Chennai - 600 034.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kothari Petrochemicals Limited** (hereinafter called "**the company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by **Kothari Petrochemicals Limited** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records including website of the Company maintained by **Kothari Petrochemicals Limited** for the financial year ended March 31, 2020 according to the provisions of:
 - (i) The Companies Act, 2013 ("the Act") and the rules made thereunder, as applicable;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- (e) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period, since there were no issues or any such events during the year which required specific compliance under:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

3. I have examined compliance with the following other laws specifically applicable to the industry to which the Company is engaged in the business of:

- (a) Indian Boilers Act, 1923;
- (b) The Petroleum Act, 1934;
- (c) The Environment (Protection) Act, 1986; and
- (d) Indian Explosives Act, 1884.

I have relied on the representation made by the Company and its officers, relating to systems and mechanisms framed by the Company, for ensuring compliance with the other Applicable Acts specific to the Industry, Laws and Regulations as applicable to the Company.

I further report that the compliance by the Company of other applicable laws like direct and indirect tax laws have not been reviewed in this audit, since the same have been subject to review by statutory financial audit and other designated professional.

4. I have also examined compliance with the applicable clauses of the following:

BOARD'S REPORT

- (i) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India, as approved by the Central Government and the amendments w.r.t. the same.
 - (ii) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
5. I further report that:
- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director(s). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - (c) Decisions are carried through Majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
6. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 7. I further report that during the audit period, the Company did not have any events which had a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc referred to above.

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

V. Vasumathy

Practising Company Secretary

Place : Chennai

FCS No.: 5424 / COP No.: 9451

Date : June 3, 2020

UDIN : F005424B000314678

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

Annexure - "A"

To

The Members

KOTHARI PETROCHEMICALS LIMITED

Kothari Buildings, No. 115, Mahatma Gandhi Road,
Nungambakkam, Chennai - 600 034.

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

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Due to the Covid - 19 Pandemic and the restrictions faced due to the same, physical verification of documents / records have been impacted and hence reliance has been placed on the scanned / soft copies of various documents / records which were provided by the Company.

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

V. Vasumathy

Practising Company Secretary

Place : Chennai

Date : June 3, 2020

FCS No.: 5424 / COP No.: 9451

Management Discussion and Analysis**Industry Structure & Development :**

Last year, the domestic demand was slightly higher than the previous year and no new capacity addition took place globally during FY 2019-20. However due to the Covid-19 issue, the global economy is shaken and the demand drivers are unpredicted. The weak demand for crude and its cascading effects on the downstream industries will have a impact on the PIB demand domestically as well globally. This may lead to tough price competition in the market and result in poor realization for the product.

There has been an impact on the Company's performance on account of Covid-19 pandemic and the quantum and further impact, if any would be captured and reported in the forthcoming quarterly financial results.

Outlook :

Kothari Petrochemicals Limited (KPL) remains active PIB manufacturer in India during the year 2019 - 2020 and meets 79% of the domestic demand of conventional PIB.

KPL has won the global Tender contract for supply of 950 Molecular Weight (MW) PIB of IOC & BPCL in the stiff resistance from Global players. Also, many more contracts were won by our Company with MNC Lube players. Efforts are being taken to develop other usages of conventional PIB other than Lubricant segment and could establish the new product with customers of different segments.

Arrangements made to get additional raw material during 2018 - 2019 for uninterrupted production are being continued. New supply agreements were entered into with Government refinery for supply of feed stock for next 5 years.

Opportunities :

Efforts were putforth to negotiate the terms with Government refinery as well other sources and entered into agreements for long term supply. In house expertise were used to improve the productivity by varying operational parameters. New agreement was signed with Water supply Board at a significantly reduced rate for long term supply.

Efforts were taken to recycle the plant effluent water after revamping of effluent treatment plant which reduces the quantum of marine disposal by almost 50% (from 60 klpd to 40 klpd) and the dependency of water supplies from Metro Water Board. Also, efforts were taken to receive TTRO water which is cost competitive and superior in terms of quality over the current source of water. New initiatives were taken in Utility area to strengthen and improve the reliability. Preventive maintenance is being carried out with utmost priority to avoid unplanned down times of the plant.

The entire plant was brought under CCTV surveillance to have better control on safety and monitoring of people and vehicles.

Close monitoring of fuel prices is being done to effective utilization of the resources at reduced cost.

Risks, Concerns & Threats :

The consistency in supplying the desired quantity and quality of raw materials from the nearby Government

refinery continues to be a concern for the industry because of their frequent changing of operational conditions for various product mix.

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

Import of PIB at competitive terms from multiple sources continues to be a threat for KPL's business. The volatility in Indian Currency against USD remains a concern for KPL as it has impact in the raw material price.

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

Inacurate measurement of Pollution Index in our Industrial area led to heavy penalty imposition on all industries. This can be challenged but it is a threat always. Efforts were taken to represent the authorities to re-do the assessment.

Internal Control Systems and their adequacy :

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

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

Human Resources / Industrial Relations :

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

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

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

Management Discussion and Analysis

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

The Human Resources Department created an "Internal Complaints Committee" for the prevention and redressal of sexual harassment of women at workplace as per the requirement of Sexual harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013. There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Total number of employees as on 31st March 2020 was 136 in respect of petrochemical operations.

Operational Performance :

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Number of days operated:		
Plant 1	350 days	319 days
Plant 2	349 days	338 days
Total Production in Metric Tons	23,906 MT	19,755 MT
Plant Capacity utilization (basis: Kvis 10 operation)	99.6%	90%
Accident free operation	365 days	365 days

Financial Performance :

The Company has reported total operating income of ₹ 27,315.46 lakhs for the year ended 31.03.2020 as compared to ₹ 29,982.05 lakhs for the year ended 31.03.2019. The Company's profit after tax (PAT) for the financial year 2019 - 2020 is ₹ 1832.91 lakhs as against ₹ 1218.57 lakhs in 2018 - 2019.

Key Ratios

Description	U/M	2019-20	2018-19	Remarks
Debtors Turnover	Days	30	34	Improved collection on credit customer of PIB sales.
Inventory Turnover	Days	22	18	Higher sales and increase in FG stock. Due to Covid-19, Sales for the last week of the of the year was not carried out.
Interest coverage Ratio	Times	12.21	6.19	Lower due to Term loan interest and working capital interest despite increase in PIB Sales.
Debt Equity Ratio		0.10:1	0.47:1	Repayment of Long term Loans and improved profitability.
Operating Profit Margin	%	8.38	5.32	Major factors like 1. Higher volume of production which improved fixed cost overhead recovery 2. Improvement in Plant efficiencies.
Net Profit Margin %	%	6.71	4.06	Major factors like 1. Higher volume of production which improved fixed cost overhead recovery 2. Lower RLPG Sales which improved profitability. 3. Exceptional income of ₹ 144.53 lacs.
Return on Networth	%	18.35	14.31	Improved profitability.

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

Place : Chennai
Date : June 16, 2020

Nina B. Kothari
Chairperson

CORPORATE GOVERNANCE
Corporate Governance Philosophy

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

Board of Directors

The Board consists of Six Directors as on the date of this Report. Mr.V.V.SuryaRau was appointed as an Independent Director with effect from 20th May 2019. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors met four times during the year on 20th May 2019, 06th Aug 2019, 24th Oct 2019 and 12th Feb 2020.

None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all Listed Companies and Unlisted Public Limited Companies in which he/she is a Director.

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

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

Familiarisation programme for Independent Directors

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

Composition of the Board and Directorship held as on 31st March 2020:

Name of the Director	Director Category	No. of Board Meetings Attended	Attendance of previous AGM held on Aug 06, 2019	Number of Directorships in other companies	No. of Committee Memberships in other companies		No. of shares held by the Director
					Chairman	Member	
Mrs. Nina B. Kothari	Promoter & Non-Executive Chairperson	3	Yes	15	-	-	62,57,500
Mr. Arjun B. Kothari	Promoter & Managing Director	4	Yes	17	1	1	9,393
Mr. M. Rajavel	Whole Time Director	4	Yes	-	-	-	Nil
Mr. Pranab Kumar Rudra	Independent	4	Yes	01	-	-	Nil
Mr. S. Sundarraman	Independent	4	Yes	-	-	-	4,000
Mr. V.V. SuryaRau (*)	Independent	4	Yes	-	-	-	Nil

*Mr. V.V. SuryaRau was appointed as an Independent Director w.e.f May 20, 2019.

Notes:

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

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

Core skills, expertise and competencies of the Board of Directors:

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

The Board of Directors shall possess hands on expertise on technical, academic skills, general management, global business, technology, manufacturing/operations, risk management etc. The Board of Directors shall understand company's structure, policies, and culture including the

CORPORATE GOVERNANCE

mission, vision, values, goals, current strategic plan and governance structure and also in which the Company operates including the industrial trends, challenges and opportunities, unique dynamics within the sector that are relevant to the success of the Company.

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

The following matrix sets out the skills, expertise and competence of each of the Directors in the Company:

Sl. No.	Name of the Directors	Skills, Expertise and Competence
(i)	Arjun B. Kothari	Well recognized for his business acumen and Leadership skills. Proven Leader in making sound commercial Judgements and managing risks and challenges of the business. Strategic thinker with the right capacity to steer the company.
(ii)	Nina B. Kothari	Well known for her diversified business knowledge and Mentoring abilities and also having hands on experience in General Management.
(iii)	M. Rajavel	Hands on experience in General Management, Manufacturing Operations and Marketing of Chemical Products. Associated with Kothari Petrochemicals since year 1997 handling various Group expansion projects, Marketing, Commercial functions of the company. Acclaimed for the end to end knowledge in the Manufacturing, Operations, Marketing and Commercial operations of the company.
(iv)	Pranab Kumar Rudra	Technocrat and Management professional with rich experience in Engineering, General Management and Project management. Highly skilled and Diversified professional with experience across industries. Past Chairman of Consultancy Development Centre, Govt. of India.
(v)	V.V. SuryaRau	An alumnus of IIT(Madras) and a veteran Chemical Engineer with five decades of experience in Petroleum industry. Hands on expertise in the refinery operations and manufacture of petroleum products. Highly skilled in operational excellence, safety and risk management areas. Past Chairman of the Expert committee of The Indian Chemical Manufacturers Association

(vi)	S. Sundarraman	A Chartered Accountant with over twenty-five years of experience in the field of audit, taxation (particularly international taxation) and business advisory services. Consistently recognized for his ability to design and implement proactive, cost-saving solutions for businesses. Professional Expertise in Consulting, Corporate Law, Finance, General Management, Legal and Taxation.
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Considering the skills, expertise and competencies required for effective functioning and discharge of Board's duties, your Board is satisfied with the present composition of the Board of Directors. In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

COMMITTEES OF THE BOARD

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Non-mandatory Committee viz. Investment and Credit Approval Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Minutes of the Committee Meetings are tabled at the subsequent Board Meetings.

AUDIT COMMITTEE

The Audit Committee comprises of the following Independent Directors and attendance of each Director for the year ended 31st March 2020 is as follows:

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

*Mr. V.V. SuryaRau was inducted as Member of Audit Committee on May 20, 2019

The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 06th August 2019. The Audit Committee met four times during the year on May 20, 2019, Aug 06, 2019, Oct 24, 2019 & Feb12, 2020.

The Audit Committee acts as a link between the Board of Directors and the Statutory and Internal Auditors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The role and terms of reference of the Audit Committee are governed in line with the regulatory

CORPORATE GOVERNANCE

requirements as mandated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the members of Audit Committee are financially literate and have relevant finance / accounting exposure. The Managing Director, Whole Time Director and Chief Financial Officer are permanent invitees to the meetings of the committee. The Statutory Auditors and Internal Auditors were present at the Audit Committee meetings. The Cost Auditor is invited to attend the Meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Non-Executive and Independent Directors. The Company Secretary is the secretary to the Committee. The Chairman of the Nomination and Remuneration Committee was present at the previous Annual General Meeting of the company held on August 06, 2019. The attendance of each Director in the Nomination and Remuneration Committee meeting held during the year ended 31st March 2020 is as follows:

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

The Committee met three times during the year on Apr 05, 2019, May 20, 2019 and Feb 12, 2020.

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

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

Criteria of selection of Non-Executive Directors

- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

- The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- Qualification, expertise and experience of the Directors in their respective fields;
- Personal, Professional or business standing;
- Diversity of the Board.

- In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

Remuneration

The Non-executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission of such sum as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Remuneration details of Managing Director and Whole Time Director are disclosed in detail elsewhere in the Board's Report.

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

Criteria for Performance evaluation framed by N & R Committee

- Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee shall lay down the criteria for the formal annual evaluation of Board, Committees and individual Directors.
- Pursuant to the above requirements, the Nomination and Remuneration Committee has framed a format inter alia containing attendance & participation at meetings, inputs provided & its impact on the company whether positive or adverse etc. for the Annual Evaluation of the performance of the Board, Individual Directors and its Committees. Thus, Nomination and Remuneration Committee recommends the devised format to the Board to apply while conducting the Annual Evaluation.

The Remuneration Policy approved by the Board of Directors is posted on the website of the Company www.kotharipetrochemicals.com

Details of Sitting Fees paid during the financial year 2019 - 2020

(Amount in ₹)

Name of the Directors	Sitting Fees Paid					
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Director Meeting	Total
Mrs. Nina B. Kothari	90,000	N.A	-	30,000	N.A	1,20,000
Mr. Pranab Kumar Rudra	1,20,000	80,000	N.A	20,000	10,000	2,30,000
Mr. S. Sundarraman	1,20,000	80,000	10,000	30,000	10,000	2,50,000
Mr. V.V. SuryaRau(*)	1,20,000	80,000	N.A	N.A	10,000	2,10,000
Total	4,50,000	2,40,000	10,000	80,000	30,000	8,10,000

CORPORATE GOVERNANCE

(*) Mr. V.V. SuryaRau was appointed as Independent Director w.e.f. 20th May 2019.

The other transactions with non-executive directors vis-à-vis the Company during the Financial Year ended 31st March 2020 are disclosed elsewhere in the annual report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee carries out the functions of transmissions, issue of duplicate share certificates, dematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, non-receipt of Annual Reports etc.

The Committee met 05 times during the year 2019-20. No sitting fee is paid for attending the meeting of the Committee.

The attendance of each Director in the Stakeholders' Relationship Committee meeting held during the year ended 31st March 2020 is as follows:

Sl. No.	Name of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mrs. Nina B.Kothari	Chairperson	05	04
(ii)	Mr. Arjun B.Kothari	Member	05	05
(iii)	Mr. S. Sundarraman	Member	05	05

The Chairperson of the Stakeholders' Relationship Committee was present at the previous Annual General Meeting of the company held on August 06, 2019.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Stakeholders Relationship Committee and the Company Secretary to

approve the share transfers / transmissions and accordingly, the Stakeholders Relationship Committee or the Company Secretary approve the transfer / transmission of shares generally on a fortnight basis. The Committee also reviews the performance of the Registrar and Share Transfer Agents.

Details of the Complaints received from the Shareholder(s) / Department(s) during the financial year 2019-2020:

S. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redressal under process at the year end
(i)	Non receipt of Dividend	01	01	-
(ii)	Scores	01	01	-
TOTAL		02	02	-

Pursuant to SEBI (LODR) Regulations 2015, the Company is processing the investor complaints in a web-based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Ms. Deepa Bansal, Company Secretary is the Compliance Officer of the company. For any clarification / complaint the shareholders may contact the Secretarial Department at the Registered Office of the company.

General Body Meetings:

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

Year / Date / Day / Time	Venue
2018 - 2019 August 06, 2019, Tuesday, 10.30 A.M.	The Music Academy, Mini Hall, Old No. 306, New No. 168, T.T.K. Road, Chennai - 600 014.
2017 - 2018 July 30, 2018, Monday, 10.00 A.M.	
2016 - 2017 September 07, 2017, Thursday, 10.30 A.M.	

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

Date of AGM	Whether any Special Resolution was passed	Particulars
Aug 06, 2019	No	-
Jul 30, 2018	Yes	(i) Appointment of Mr. M.Rajavel as Whole Time Director of the Company. (ii) Re-appointment of Mr.Pranab Kumar Rudra, Independent Director of the Company
Sep 07, 2017	No	-

POSTAL BALLOT :

a) During the year 2019-20, a Special Resolution was passed through Postal Ballot in May 2019 for the appointment of Mr. V. V. SuryaRau as Independent Director.

CORPORATE GOVERNANCE
Voting pattern - Appointment of Independent Director - Special Resolution

Sl. No.	No. of shareholders voted				No. of shares / vote casted			% net valid votes
	Particulars of Voting	Postal Ballot Form	E-Voting	Total	Postal Ballot Form	E-Voting	Total	
1	Total Votes received	151	25	176	71,320	4,60,47,399	4,61,18,719	100
2	Less: Invalid votes (as per the register)	-	-	-	-	-	-	-
3	Net valid votes (as per the register)	151	25	176	71,320	4,60,47,399	4,61,18,719	100
4	Votes with assent	147	24	171	70,095	4,60,44,399	4,61,14,494	99.99
5	Votes with dissent	4	1	5	1,225	3,000	4,225	0.01

b) Mr. M. Alagar, Practising Company Secretary (COP No. 8196) was appointed as the Scrutinizer for the postal Ballot.

The Company duly conducted the Postal Ballot exercise as per the provisions of Companies Act, 2013.

(i) The Company completed the dispatch notice of Postal Ballot along with Postal Ballot form by Registered post and e-mail on April 12, 2019 to the members whose name appeared on the Register on Members as on April 05, 2019.

(ii) The newspaper advertisement regarding dispatch of notice was published on April 13, 2019.

(iii) The Shareholders were offered the facility of remote voting.

(iv) The voting remained open from April 15, 2019 to May 14, 2019.

(v) Mr. M. Alagar, the Scrutinizer, carried out the scrutiny of all the postal ballot forms received upto the closing of working hours on 14th May 2019 and e-votes casted through CDSL platform upto 5.00 p.m. on 14th May 2019 and submitted the report dated 15th May 2019 relating to the results on the voting by Postal Ballot.

c) At present there is no proposal to pass any Special Resolution through Postal Ballot.

MEANS OF COMMUNICATION

a) The Unaudited Quarterly Financial Results and Audited Annual Financial Results of the company are published in The Financial Express and Malai Sudar.

b) The Company's website address is: www.kotharipetrochemicals.com. The website contains basic information about the company and such other details as required under Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updations of its website. The company has designated email-id kplcs@hckgroup.com and secdept@hckgroup.com to enable the shareholders to register their grievances.

c) Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, report

on Corporate Governance, all material events, etc., are filed in NEAPS within the time frame prescribed in this regard.

d) No presentations have been made to institutional investors or to analysts.

GENERAL SHAREHOLDER INFORMATION
a) Annual General Meeting

Day, Date and Time	Monday, 10 th August 2020 @ 10:00 A.M.
Venue	The Annual General meeting will be held through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"). The Registered office i.e. No.115, Kothari Buildings, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034 shall be deemed to be venue of the meeting.

b) Financial Calendar of the Company

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

Results for Quarter ending 30 th June, 2020	First fortnight of August, 2020
Results for Quarter ending 30 th September, 2020	First fortnight of November, 2020
Results for Quarter ending 31 st December, 2020	First fortnight of February, 2021
Results for Quarter ending 31 st March, 2021	Last Week of May, 2021

c) Date of Book Closure

The period of Book Closure is fixed from Tuesday, 04th August, 2020 to Monday, 10th August, 2020 (both days inclusive).

d) Listing of Shares

The shares of the Company are listed at The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2020 - 2021 has been paid. (Stock Code: KOTHARIPET), ISIN: INE720A01015.

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

CORPORATE GOVERNANCE
f) Stock Market Data

(Amount in ₹)

Month	High	Low	Volume of shares traded	Month	High	Low	Volume of shares traded
Apr 2019	19.55	17.60	1,43,047	Oct 2019	17.80	15.25	1,11,281
May 2019	20.75	16.20	3,27,229	Nov 2019	17.60	15.50	1,60,189
Jun 2019	19.50	16.05	1,69,419	Dec 2019	16.75	15.10	1,23,433
Jul 2019	20.40	15.50	3,03,421	Jan 2020	20.60	15.70	2,88,716
Aug 2019	18.90	15.95	2,13,770	Feb 2020	17.90	13.75	1,90,567
Sep 2019	17.90	15.55	1,24,925	Mar 2020	16.10	9.20	3,79,819

g) Distribution of Shareholding as on 31st March 2020

(Amount in ₹)

₹ of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5000	8,216	1,80,00,070
5001-10000	1,486	1,32,37,870
10001-20000	588	97,74,700
20001-30000	210	54,35,290
30001-40000	106	38,58,420
40001-50000	106	51,05,550
50001-100000	139	1,03,94,090
100001 and above	139	52,26,58,010
Total	10,990	58,84,64,000

h) Reconciliation of Share Capital Audit

Quarterly audit was conducted by a Practising Company Secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2020, the aggregate of shares held by investors in both physical form and in electronic form with the depositories are reconciled. 5,73,54,764 equity shares representing 97.47% of the paid-up equity share capital have been dematerialized as on 31st March 2020.

i) Registrar and Share Transfer Agents

M/s.Cameo Corporate Services Limited, having its Registered Office at Subramanian Building, 5th Floor No.1, Club House Road, Chennai - 600 002 are the Registrars for the Demat segment and also the Share Transfer Agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment are handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

j) Foreign Exchange Risk and hedging activities

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

k) Plant Location

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

Company's Registered Office
The Company Secretary Kothari Petrochemicals Limited Kothari Buildings, 115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034. Tel Nos. 044 - 3022 5616, 3022 5507 Fax Nos. 044 - 2833 4560 e-mail : secdept@hckgroup.com
Company Share Transfer Agent
M/s. Cameo Corporate Services Limited Unit: Kothari Petrochemicals Limited Subramanian Building, 5 th 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

m) Credit Rating and revision thereto

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

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

OTHER DISCLOSURES
Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis.

CORPORATE GOVERNANCE

There was no materially significant related party transaction having potential conflict with the interests of the Company during the year. As per the requirements of Indian Accounting Standard 24, Transactions with related parties are disclosed in the notes to accounts annexed to the financial statements.

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained prior approval of the audit committee for entering into transactions with the Related Parties.

The approved policy for related party transactions has been uploaded on the Company's website www.kotharipetrochemicals.com

Vigil Mechanism / Whistle Blower Policy

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

The Whistle Blower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities/unethical behavior. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee directly. The company affirms that no personnel have been denied access to the Audit committee.

Further details are available in the Whistle Blower policy of the Company posted on the Company's Website www.kotharipetrochemicals.com

Compliances

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters. The disclosure of compliances with respect to Corporate Governance requirements as specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 is made in the Corporate Governance Report.

Compliance with Mandatory / Non-mandatory Requirements

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

Particulars of payment of fees to Statutory Auditor

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

does not have any Subsidiaries. No fees were paid during the year to any entity in the network firm / network entity of which the Statutory Auditor is a part.

The Audit Committee approved the fee for other services rendered by the Statutory Auditors other than the Statutory Audit. The total fees paid for the year 2019-20 to M/s. P. Chandrasekar LLP, Chartered Accountants, is given below:

SI No.	Description of the Service	Fees (Amount in Rs.)
(i)	Statutory Audit	3,00,000
(ii)	Limited Review Report	1,50,000
(iii)	Other Certification	65,000

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

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

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

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

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

Code of Conduct for the Board of Directors and the Senior Management

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.kotharipetrochemicals.com. As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2019-2020.

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

Nina B. Kothari
 Chairperson

Place : Chennai
 Date : June 16, 2020

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

To
 The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2020.

for **Kothari Petrochemicals Limited**

Place : Chennai
 Date : June 16, 2020

Arjun B.Kothari
 Managing Director

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

We, Arjun B. Kothari, Managing Director and S. Sivamahesh, Chief Financial Officer of the Company hereby confirm and certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Chennai
 Date : June 16, 2020

Arjun B. Kothari
 Managing Director

S. Sivamahesh
 Chief Financial Officer

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the **Members of Kothari Petrochemicals Limited**

I have examined the compliance of conditions as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Corporate Governance by Kothari Petrochemicals Limited, for the year ended March 31, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanation given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Due to the Covid - 19 Pandemic and the restrictions faced due to the same, physical verification of documents / records have been impacted and hence reliance has been placed on the scanned / soft copies of various documents / records which were provided by the Company.

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

Place : Chennai
 Date : June 03, 2020

Practising Company Secretary
 FCS No. 5424 / COP No. 9451
 UDIN : F005424B000314691

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34 (3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To the **Members of Kothari Petrochemicals Limited**

I have examined the relevant registers, records, forms, returns, declarations and disclosures received from the Directors of Kothari Petrochemicals Limited, having CIN: L11101TN1989PLC017347 and having registered office at Kothari Building, No. 115, Nungambakkam High Road, Chennai - 600 034 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C, Sub-clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in of Ministry of Corporate Affairs) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ended March 31, 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of the Director	Director Identification Number (DIN)	Date of Appointment in the Company
1.	Ms. Nina Bhadrashyam Kothari	00020119	27.05.2014
2.	Mr. Arjun Bhadrashyam Kothari	07117816	08.04.2015
3.	Mr. Muthukumaran Rajavel	08145611	01.08.2018
4.	Mr. Pranab Kumar Rudra	00382665	18.09.2009 (Re-appointed w.e.f 01.04.2019)
5.	Mr. Sitharaman Sundarraman	01032768	22.11.2017
6.	Mr. Velamuri Venkata Suryarau	00010274	20.05.2019

Ensuring the eligibility for appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is only to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Due to the Covid - 19 Pandemic and the restrictions faced due to the same, physical verification of documents / records have been impacted and hence reliance has been placed on the scanned / soft copies of various documents / records which were provided by the Company.

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

Place: Chennai
 Date : June 03, 2020

Practising Company Secretary
 FCS No. 5424 / COP No. 9451
 UDIN : F005424B000314744

AUDITORS' REPORT**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020**
To the Members of Kothari Petrochemicals Limited
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS
Opinion

We have audited the Financial Statements of **Kothari Petrochemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the Profit (including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

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

and appropriate to provide a basis for our opinion on the Financial Statements

Key Audit Matters

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

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

S. No.	Key Audit Matter	Response to Key Audit Matter
1	Quantity of raw materials Significant portion of the material procurement is through pipelines and tankers which are accounted on weight-basis. There are also cases of materials being extracted and the balance being returned through the pipelines. Hence, any variance in the ascertainment of the quantity purchased may have a significant impact on the cost of materials	Our audit procedures included: ➤ Assessment of controls over ascertaining the quantity of purchase for which payment is made. ➤ Assessment of controls over calibration system of the weighing equipment. ➤ Assessment of controls over periodical stock - take and the related procedures.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing

AUDITORS' REPORT

so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's responsibility for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31st March 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of Internal Financial Controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure-B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer to Note 37 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

S. Sriram
Partner

M. No.: 205496
UDIN: 20205496AAAABX6586

Place: Chennai
Date : 16th June 2020

AUDITORS' REPORT**Annexure "A" to the Independent Auditor's Report for the year ended 31st March 2020**

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

- (i) In respect of the Company's fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, these fixed assets have been physically verified by the Management at regular intervals; as informed to us, no material discrepancies were noticed on such verification.
 - c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not provided any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of investments made by the Company. The Company has not provided any loans or guarantee or security to any company covered under Section 185 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public.
- (vi) On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 have been maintained. However, we have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - a) the Company is regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess, Goods and Service Tax to the appropriate authorities. To the best of our knowledge and according to the information and explanations given to us, there were no undisputed amounts payable which were in arrears as at 31st March 2020 for a period of more than six months from the date they become payable
 - b) the Company has no disputed dues of Income Tax, Sales Tax, Excise Duty, Customs Duty and Value Added Tax which have not been deposited as on 31st March 2020.
- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed were applied for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided has been in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence compliance with the provisions of the Nidhi Rules is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him which will come under the purview of Section 192 of the Companies Act, 2013.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

S. Sriram
 Partner

Place: Chennai
 Date : 16th June 2020

M. No.: 205496
 UDIN: 20205496AAAABX6586

Annexure - B to the Independent Auditors' Report for the year ended 31st March 2020

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

Report on the Internal Financial Controls with reference to financial statements under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Kothari Petrochemicals Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

AUDITORS' REPORT

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Chennai
Date : 16th June 2020

S. Sriram
Partner
M. No.: 205496
UDIN: 20205496AAAABX6586

BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Lakhs)

	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
I	ASSETS			
	Non-Current Assets			
	Property, plant and equipment	2(a)	7,950.80	8,237.00
	Capital work-in-progress	2(b)	16.14	83.82
	Investment Property	3	1,634.21	1,660.11
	Intangible assets	4(a)	120.49	43.37
	Right-of-use assets	4(b)	194.26	-
	Financial assets:			
	(i) Other financial assets	5	217.86	341.85
			10,133.76	10,366.15
	Current Assets			
	Inventories	6	1,102.07	1,013.59
	Financial assets:			
	(i) Investments	7	400.00	-
	(ii) Trade receivables	8	2,094.53	2,226.47
	(iii) Cash and cash equivalents	9(a)	34.96	549.38
	(iv) Bank balance other than (iii) above	9(b)	219.65	221.58
	(v) Loans	10	10.63	5.87
	(vi) Other financial assets	5	121.57	5.82
	Current tax assets (net)	11	40.25	19.03
	Other current assets	12	427.23	581.36
			4,450.89	4,623.10
	Total Assets		14,584.65	14,989.25
II	EQUITY AND LIABILITIES			
	Equity			
	Equity share capital	13(a)	5,918.68	5,918.68
	Other equity	13(b)	4,102.81	2,629.61
	Total Equity		10,021.49	8,548.29
	Liabilities			
	Non-Current Liabilities			
	Financial liabilities			
	Borrowings	14	5.49	527.39
	Lease Liability	4(b)	207.15	-
	Deferred tax liabilities(Net)	15	873.37	812.84
			1,086.01	1,340.23
	Current Liabilities			
	Financial liabilities			
	Borrowings	14	33.15	1,697.52
	Trade payables	16	26.23	40.46
	dues of micro enterprises and small enterprises		2,469.69	2,350.01
	dues of creditors other than micro enterprises and small enterprises		727.82	750.36
	Other financial liabilities	17	93.99	157.57
	Other current liabilities	18	126.27	104.81
	Provisions	19		
	Total Current Liabilities		3,477.15	5,100.73
	Total Equity and Liabilities		14,584.65	14,989.25
	Notes 1 to 40 form an integral part of these Financial Statements			

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

S. Sundarraman
 Director

Deepa Bansal
 Company Secretary

Sivamahesh. S
 Chief Financial Officer

 As per our report of even date attached
For P. Chandrasekar LLP
Chartered Accountants
FRN : 000580/S/200066
S. Sriram
 Partner
 Membership No.205496

 Place : Chennai
 Date : June 16, 2020

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakhs)

	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
I	Revenue from Operations	20	27,315.46	29,982.05
II	Other Income	21	288.14	238.92
III	Total Income (I+II)		27,603.60	30,220.97
IV	Expenses			
	Cost of materials consumed	22	17,319.09	21,651.15
	Changes in inventories of finished goods	23	(125.44)	(70.85)
	Employee benefit expenses	24	1,459.82	1,328.61
	Finance cost	25	204.27	307.05
	Depreciation & amortisation expense	26	553.92	453.32
	Other expenses	27	5,901.63	4,956.04
	Total Expenses		25,313.29	28,625.32
V	Profit before exceptional items and tax (III-IV)		2,290.31	1,595.65
VI	Exceptional items (VAT Refund pertaining to 2013-14 & 2014-15)		(144.53)	-
VII	Profit Before Tax		2,434.84	1,595.65
VIII	Tax Expense	28		
	a) Current tax		541.46	343.85
	b) Deferred tax		60.47	33.23
IX	Profit for the period from continuing operations (VII-VIII)		1,832.91	1,218.57
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	(i) Re-measurement gains/(losses) on defined benefit plans		0.20	(1.57)
	(ii) Income tax effect on above		(0.06)	0.41
	Total Other Comprehensive Income		0.14	(1.16)
XI	Total Comprehensive Income for the year (IX+X)		1,833.05	1,217.41
	Earnings per equity share	29		
	Basic (₹)		3.11	2.07
	Diluted (₹)		3.11	2.07
	Notes 1 to 40 form an integral part of these Financial Statements			

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

S. Sundarraman
 Director

 As per our report of even date attached
For P. Chandrasekar LLP
Chartered Accountants
FRN : 000580S/S200066
Deepa Bansal
 Company Secretary

Sivamahesh. S
 Chief Financial Officer

S. Sriram
 Partner
 Membership No.205496

 Place : Chennai
 Date : June 16, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020
A. Equity Share Capital

A. Equity Share Capital					(₹ in Lakhs)
Particulars		As at 1 st April 2019	Changes in equity share capital during the year	As at 31 st March 2020	
Equity share capital		5,918.68	-	5,918.68	
B. Other Equity					
Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	Capital reserves	Retained earnings	Equity instruments	Other items	
Balance as at 1 st April 2018	0.40	1,945.02	-	(1.15)	1,944.27
Profit for the year		1,218.57			1,218.57
i) Dividend (Dividend per share Re.0.75)		(441.35)			(441.35)
ii) Tax paid thereon		(90.72)			(90.72)
iii) Re-measurement of defined benefit plan				(1.16)	(1.16)
Balance as at 31 st March 2019	0.40	2,631.52		(2.31)	2,629.61
Profit for the year		1,832.91			1,832.91
i) Dividend (Dividend per share Re. 0.50)		(294.23)			(294.23)
ii) Tax paid thereon		(60.48)			(60.48)
iii) Re-measurement of defined benefit plan				0.14	0.14
(iv) Effect of measuring Lease assets				(5.14)	(5.14)
Balance as at 31 st March 2020	0.40	4,109.72	-	(7.31)	4,102.81

Notes 1 to 40 form an integral part of these financial statements

For and on behalf of the Board of Directors of

Kothari Petrochemicals Limited
Arjun B. Kothari
 Managing Director

Deepa Bansal
 Company Secretary

 Place : Chennai
 Date : June 16, 2020

S. Sundararaman
 Director

Sivamahesh. S
 Chief Financial Officer

 As per our report of even date attached
 For **P. Chandrasekar LLP**
 Chartered Accountants
 FRN : 000580/S/2000066

S. Sriram
 Partner
 Membership No.205496

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,434.84	1,595.65
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	553.92	453.32
Operating lease rentals from Investment Property	(190.85)	(186.27)
Interest income	(17.13)	(18.46)
Remeasurement of defined benefit obligations	0.20	(1.57)
(Gain)/loss on sale of Property, Plant and Equipment	(0.23)	-
Unrealised foreign exchange differences (Gain)/loss (net)	(8.70)	3.08
Finance cost / Financial guarantee expenses	164.28	282.60
Other Adjustments	7.75	-
Operating profit before working capital changes	2,944.08	2,128.35
Adjustments for changes in working capital:		
(Increase)/decrease in operating assets-		
Inventories	(88.49)	72.68
Trade receivable	140.64	(67.59)
Financial assets-loans	(4.76)	4.80
Financial assets-others	8.24	(71.69)
Other Assets	154.13	512.69
Increase/(decrease) in operating liabilities-		
Trade payables	178.89	500.87
Financial liabilities-others	(22.55)	55.95
Other liabilities	(42.16)	(33.23)
	3,268.02	3,102.83
Less: Taxes paid	562.68	350.48
Net cash from / (used in) operating activities	2,705.34	2,752.35
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets (including capital work-in-progress)	(255.21)	(951.79)
Redemption / (Purchase) of investments	(400.00)	-
Proceeds on sale of Property, Plant and Equipment	4.21	-
Margin money with bank/ Dividend account	1.93	(66.60)
Operating lease rentals from Investment Property	190.85	186.27
Interest received	17.13	18.46
Net cash from / (used in) investing activities	(441.09)	(813.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayments of) long term borrowings	(521.90)	(521.83)
Payment of Lease Liability	(73.41)	-
Repayment of short term borrowings (net)	(1,664.37)	(89.28)
Dividend paid	(294.23)	(441.35)
Dividend distribution Tax paid	(60.48)	(90.72)
Finance cost / Financial guarantee expenses	(164.28)	(282.60)
Net cash from / (used in) financing activities	(2,778.67)	(1,425.78)
D. NET CASH FLOWS DURING THE YEAR (A+B+C)	(514.42)	512.91
E. Cash and cash equivalents at the beginning of the year	549.38	36.47
F. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)	34.96	549.38
Notes 1 to 40 form an integral part of these financial statements		

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

S. Sundarraman
 Director

Deepa Bansal
 Company Secretary

Sivamahesh. S
 Chief Financial Officer

S. Sriram
 Partner

Membership No.205496

 Place : Chennai
 Date : June 16, 2020

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note - 1
CORPORATE OVERVIEW

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

AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31st March 2020 have been approved for issue by the Board of Directors of the Company on 16th June 2020 and are subject to adoption by the shareholders in the ensuing Annual General Meeting.

SIGNIFICANT ACCOUNTING POLICIES
1. Statement of Compliance :

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

2. Basis of preparation and presentation :

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

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

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

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

The principal accounting policies are set out below:

3. Revenue Recognition :

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

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

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

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

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

Dividend and interest and other income

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

Export Incentives

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

4. Leases :

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In the case of operating leases, Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. Lease term exceeding 12 months are considered under Ind AS 116.

Lease rentals having lease term within 12 months are charged or recognized in the Statement of Profit and Loss on a straight line basis over the lease term, except where the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

5. Borrowing costs :

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

Interest income earned on the temporary investments of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Borrowing costs are not included in the value of inventories.

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

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

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

Defined benefit costs are categorised as follows:

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

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

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

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

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

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

(b) Short-term and other long-term employee benefits

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
7. Earnings per Share :

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.

Basic EPS is calculated by dividing the Profit or Loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is determined by adjusting the Profit or Loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

8. Taxation :

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

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

(c) Current and deferred tax for the year

Current and deferred tax are recognised in Statement of Profit and Loss, except when they

relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

9. Property, Plant and Equipment :

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

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

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

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

Particulars of Asset	Estimated useful lives
Freehold Land	Infinite
Building	3-60 years
Plant & Equipment	10-40 years
Furniture & Fixtures	10 years
Office Equipment & Computers	3-5 years
Vehicles	8 years

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

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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value not more than 5% of Cost.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

10. Investment Property :

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation over useful life of 60 years and impairment losses, if any.

Though, the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in Notes. Fair values are determined based on an annual evaluation performed by approved valuer.

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

11. Intangible Assets :

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

Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses. Softwares and licenses are amortized over useful life of 5 years.

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

the future cash flows to their present value based on an appropriate discount factor.

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

12. Inventories :

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

Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition. The cost of inventories is computed on weighted average basis.

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories in the Statement of Profit and Loss.

13. Provisions, contingent liabilities and contingent assets :

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

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

Contingent liabilities in relation to claims against the Company, includes legal, contractual and claims arising from custom. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events. Contingent liabilities are disclosed in the notes. Contingent assets are not recognized in the financial statements.

14. Financial instruments :

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

15. Financial assets :

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

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

(a) Classification of financial assets

Debt instruments (including Trade receivables, Loans and Other Financial Assets) that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

All other financial assets are subsequently measured at fair value.

(b) Effective interest method

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

shorter period, to the net carrying amount on initial recognition.

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

(c) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been significant increase in credit risk.

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

(d) Derecognition of financial assets

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

(e) Derivative financial instruments

The Company uses forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

16. Financial liabilities :

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

They are subsequently measured at amortised cost

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

Derecognition of financial liabilities

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

17. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

18. Functional and presentation currency and Foreign Currency Transactions

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

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

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

19. Key estimates and assumptions

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

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

Estimation of uncertainties relating to COVID-19. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the operations. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including industry related information. The Company based on current estimates expects the carrying amount of all its assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Fair value measurement and valuation processes

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

20. Operating Cycle

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

21. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

Note - 2 a): Property, Plant and Equipment

(₹ in Lakhs)

Gross block	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Total
As at 1 st April 2019	278.47	2,102.63	6,437.80	53.32	141.13	86.91	143.41	9,243.68
Additions	-	11.64	77.08	12.43	40.26	3.27	26.05	170.73
Transfer to Investment Property (Note 3-IP)	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	10.84	10.84
As at 31 st March 2020	278.47	2,114.27	6,514.88	65.75	181.39	90.18	158.62	9,403.55
Accumulated depreciation/amortisation								
As at 1 st April 2019	-	325.74	530.86	15.59	40.86	57.99	35.63	1,006.67
For the year	-	128.35	247.12	6.43	29.27	22.45	19.33	452.96
Transfer to Investment Property (Note 3-IP)	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on disposal	-	-	-	-	-	-	6.86	6.86
As at 31 st March 2020	-	454.09	777.98	22.02	70.13	80.44	48.10	1,452.77
Net block								
As at 31 st March 2019	278.47	1,776.89	5,906.94	37.73	100.27	28.92	107.78	8,237.00
As at 31 st March 2020	278.47	1,660.18	5,736.89	43.73	111.26	9.74	110.52	7,950.80

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
Capital work-in-progress	16.14	83.82
	16.14	83.82

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

(₹ in Lakhs)

Particulars	Land	Building	Total
Gross block			
As at 1st April 2019	217.41	1,539.70	1,757.11
Additions	-	-	-
Transfer from Property, Plant & Equipment (Note 2-(a))	-	-	-
Disposals	-	-	-
As at 31st March 2020	217.41	1,539.70	1,757.11
Accumulated depreciation			
As at 1st April 2019	-	97.00	97.00
Depreciation for the period		25.90	25.90
Transfer from Property, Plant & Equipment (Note 2-(a))		-	-
Reversal on disposal of assets	-	-	-
As at 31st March 2020	-	122.90	122.90
Net block			
As at 31st March 2019	217.41	1,442.70	1,660.11
As at 31st March 2020	217.41	1,416.80	1,634.21

Information regarding income and expenditure of investment property

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Operating lease rentals from Investing Property	190.85	186.27
Direct expenses:		
contribute to the rental income (including repairs and maintenance)	13.03	13.14
Profit before depreciation and indirect expenses	177.82	173.13
Less: Depreciation	25.90	25.90
Profit before indirect expenses	151.92	147.23

Fair value of Investment Property

The fair value of the Company's total investment property as at 31st March 2020 is ₹ 2310.92 lakhs (₹ 2238.95 lakhs as at 31st March 2019). The valuation has been carried out by Mr. Khatib Ahmed, B.E., C.Eng.(I), A.M.I.E.(I), Chartered Engineer, approved and independent valuer, not related to the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note - 4(a): Intangible Assets

(₹. in Lakhs)

Software and licences	
Gross block	
As at 1 st April 2019	44.76
Additions	96.52
Disposals	-
As at 31st March 2020	141.28
Accumulated depreciation	
As at 1 st April 2019	1.39
Depreciation for the period	19.40
Reversal on disposal of assets	-
As at 31st March 2020	20.79
Net block	
As at 31st March 2019	43.37
As at 31st March 2020	120.49

Note - 4(b):

Right-of-use assets :	
Gross block	
Considered - on account of Ind AS 116 transition	249.92
Additions	-
Disposals	-
Depreciation	55.66
As at 31st March 2020	194.26

Lease Liability :	
Opening balance	-
Considered - on account of Ind AS 116 transition	255.05
Additions	-
Disposals	-
Interest Expense accrued	25.51
Payment of Lease liabilities	73.41
As at 31st March 2020	207.15

Note :

Effective 1st April 2019, Company has recognised right of use of assets an amount equal to the lease liability of ₹ 249.92 lakhs. During the year 2019-20, operating lease expenses has changed from rent (included in Other expenses) to depreciation cost (₹ 55.66 lakhs) for the right of use of assets and finance cost of (₹ 25.54 lakhs) for interest accrued on lease liability. Adjustment to the opening balance of retained earnings as on 1st April, 2019 of ₹ 5.14 lakhs is considered as transitional impact.

Note - 5: Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	Non-current	Current	Non-current	Current
Security deposits	217.86	-	341.85	-
Advances recoverable	-	121.57	-	5.67
Derivative assets	-	-	-	0.15
	217.86	121.57	341.85	5.82

(Unsecured and considered good unless otherwise stated)

NOTES FORMING PART OF FINANCIAL STATEMENTS**Note - 6: Inventories**

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Raw materials	257.28	239.18
Raw material in transit	209.06	451.00
Finished goods	253.09	127.65
Finished goods in transit	136.33	-
Stores and spares	244.40	192.81
Packing material	1.91	2.95
	1,102.07	1,013.59

Note - 7: Investments - Current

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Un-Quoted Investments carried at Fair value through Profit & Loss :-		
Mutual Funds:		
- Aditya Birla Sun Life Savings fund	400.00	-

Note - 8: Trade Receivables

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
(a) Trade Receivable - Current	2,024.01	2,226.47
	2,024.01	2,226.47
Doubtful	-	-
Less: Provision	-	-
	2,024.01	2,226.47
(Unsecured and considered good unless otherwise stated)		
(b) Significant Increase in credit risk	70.52	-
(c) Credit Impaired	-	-
Less: Provision	-	-
The credit period for sale ranges from 0-90 days. No interest is charged on overdue amounts. The Company uses available information in public domain and its own internal assessment and trading records before accepting any customer. Trade receivable ageing is as follows.		
Particulars	As at 31 st March 2020	As at 31 st March 2019
0-30 days	2,023.78	2,226.01
31-60 days	0.01	0.32
61-90 days	0.24	0.07
More than 90 days	70.52	0.07
	2,094.53	2,226.47

Note - 9(a): Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balances with banks in current account	31.78	548.73
Cash on hand	3.18	0.65
	34.96	549.38

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note - 9(b): Other bank balances

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Earmarked balances with bank-Dividend warrant account	67.43	75.11
Margin money with bank	152.22	146.47
	219.65	221.58

Note - 10: Loans

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
	Current	Current
Loans to employees	10.63	5.87
	10.63	5.87

(Unsecured and considered good unless otherwise stated)

Note - 11: Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
	Current	Current
Advance payment of tax and tax deducted at source (net of provision)	40.25	19.03
	40.25	19.03

Note - 12: Other Current Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
	Current	Current
Prepaid expenses	53.42	64.90
Capital advances	5.92	10.20
Balance with statutory/government authorities	199.03	313.10
Advances to supplier of inputs	163.18	188.59
Unamortised cost of leasehold Property	5.68	4.57
	427.23	581.36

(Unsecured and considered good unless otherwise stated)

Note - 13(a): Share Capital

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	Numbers	Value in ₹ lakhs	Numbers	Value in ₹ lakhs
A) Authorised :				
Preference share capital				
Redeemable preference shares of ₹100/- each	6,00,000	600.00	6,00,000	600.00
Equity share capital				
Equity shares of ₹ 10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
B) Issued :				
Equity shares of ₹ 10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
C) Subscribed and paid up :				
Equity shares of ₹ 10/- each fully paid	5,88,46,400	5,884.64	5,88,46,400	5,884.64
D) Subscribed and partly paid up and hence forfeited :				
	-	34.04	-	34.04
Total (C+D)	5,88,46,400	5,918.68	5,88,46,400	5,918.68

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

	Nos.	% holdings	Nos.	% holdings
(i) BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	3,55,03,812	60.33%	2,94,45,812	50.04%
(ii) Nina B. Kothari	62,57,500	10.63%	62,57,500	10.63%
(iii) Kothari Sugars & Chemicals Ltd	1,000	0.002%	60,59,000	10.30%
c) Shares held by holding entity				
	Nos.	% holdings	Nos.	% holdings
BHK Trading LLP (Formerly BHK Trading Pvt Ltd)	3,55,03,812	60.33%	2,94,45,812	50.04%

d) Rights, preferences and restrictions

Equity shares - The Company has issued only one class of equity share having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. All equity share have equal rights to receive or participate in any dividend or other distribution in respect of such shares.

e) Bonus shares/Buy back/Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31st March 2020:

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

Note - 13(b): Other Equity

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
A) Capital Reserve	0.40	0.40
B) Retained earnings:		
Balance at the beginning of the year	2,629.21	1,943.87
Retained earnings for the year	1,832.91	1,218.57
Dividend paid	(294.23)	(441.35)
Tax on proposed dividend	(60.48)	(90.72)
Ind AS Transition adjustments:		
i) Effect of measuring Lease Liability	(5.14)	-
Items of other comprehensive income recognised directly in retained earnings:	-	-
a) Remeasurement of post employment benefit obligation, net of tax	0.14	(1.16)
	4,102.41	2,629.21
Total (A+B)	4,102.81	2,629.61

Note - 14: Borrowings

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	Non-current	Current	Non-current	Current
a) Secured				
Term loan from HDFC Bank*	500.00	-	1,000.00	-
Car loan from HDFC Bank**	27.39	-	49.22	-
Working capital loan-Indian Bank***	-	33.15	-	1,697.52
	527.39	33.15	1,049.22	1,697.52
Less: Current maturities of long term borrowings	521.90	-	521.83	-
(a)	5.49	33.15	527.39	1,697.52
b) Unsecured				
Working capital loans	-	-	-	-
(b)	-	-	-	-
Total (a+b)	5.49	33.15	527.39	1,697.52

* Secured by exclusive charge on assets (movable) being funded. Rate of interest linked to one year MCLR of Bank, with annual reset. interest ranging from 9.25% - 9.85% Principal repayable in 12 quarterly instalments starting June 2018.

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note - 15: Deferred Tax Liability (Net)

(₹ in Lakhs)

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

Particulars	01 st April 2019	Recognised in Other Comprehensive Income	Recognised in Statement of Profit & Loss	31 st March 2020
Deferred tax asset / (liability) arising on account of:				
Property, plant and equipment	(829.94)		(63.41)	(893.35)
Provision for Bonus / Leave encashment	11.02		0.47	11.49
Defined benefit obligation	1.02	(0.06)		0.97
Forward cover marked to market gain/loss	4.33		0.09	4.42
Interest free deposit received	0.76		0.12	0.89
Interest free deposits paid	(0.03)		(0.01)	(0.04)
Lease accounting on Rentals			2.26	2.26
Deferred Tax Asset / (Liability)	(812.84)	(0.06)	(60.47)	(873.37)

Note - 16: Trade Payables

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Total outstanding dues of micro, small and medium enterprises	26.23	40.46
Total outstanding dues of creditors other than micro, small and medium enterprises	2,469.69	2,350.01
Total	2,495.92	2,390.47

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

Note - 17: Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current liabilities of term loans from banks (secured)	521.90	521.83
Interest accrued but not due	5.20	8.24
Unclaimed dividend	67.43	75.11
Trade deposits	29.33	26.84
Deferred revenue arising from interest free deposits	20.81	21.85
Non statutory dues	1.88	66.95
Derivative liability	15.17	-
Managerial commission payable	66.10	29.54
	727.82	750.36

Note - 18: Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Customer advances	61.51	125.68
Statutory dues	32.48	31.89
	93.99	157.57

NOTES FORMING PART OF FINANCIAL STATEMENTS**Note - 19: Provisions**

(₹ in Lakhs)

Particulars	As at 31 st March 2020		As at 31 st March 2019	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Gratuity-refer note (a) below	-	38.78	-	24.67
Bonus payable	-	30.45	-	28.83
Compensated absences	-	9.00	-	9.00
Provision related to other expenses	-	48.04	-	42.31
	-	126.27	-	104.81

(a) Liability to existing employees of the Company in respect of gratuity is covered under a common insurance policy (maintained with Reliance Nippon Life Insurance Company Limited) administered by a Trust maintained for participating enterprises viz. Kothari Sugars & Chemicals Limited (KSCL) and Kothari Petrochemicals Limited (KPL). The actuarial valuation is done by an independent external valuer under the Projected Unit Credit Method to ascertain the liability enterprise wise. The following table summarises the components of defined benefit plan cost to be recognised in statement of profit and loss account, other comprehensive income, liability to be recognised in balance sheet and changes in fair value of planned assets.

(₹ in Lakhs)

Particulars	2019-20	2018-19
Present value of obligations at the beginning of the year	488.89	452.61
Current service cost	98.27	67.07
Interest Cost	39.77	37.02
Re-measurement (gain) / loss:		
- Actuarial (gain) / loss arising from change in financial assumption	0.00	(11.69)
- Actuarial (gain) / loss arising from experience adjustment	5.53	(3.69)
Benefits paid	(54.91)	(52.42)
Present value of obligations at the end of the year	577.54	488.89
Changes in the fair value of planned assets		
Fair value of plan assets at the beginning of the year	420.16	397.68
Interest income	32.46	30.77
Return on plan assets	4.99	(11.00)
Contributions by the employer	68.70	55.13
Benefits paid	(54.91)	(52.42)
Fair value of plan assets at the end of the year	471.40	420.16
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the year	577.54	488.89
Less: Share of obligation pertaining to promoter		
Company under common Gratuity Trust	67.17	44.07
Fair value of plan assets at end of the year	471.40	420.15
Funded status of the plans - Liability recognized in the balance sheet	38.97	24.67
Components of defined benefit cost recognized in profit or loss		
Current service cost	98.27	67.07
Net interest expenses	39.77	37.02
Net cost in Profit or Loss	138.03	104.09
Components of defined benefit cost recognized in Other Comprehensive Income		
Re-measurement on the net defined benefit liability:		
- Actuarial gain / (loss) arising from change in financial assumption	0.00	(11.69)
- Actuarial gain / (loss) arising from experience adjustment	5.53	(3.69)
Return on plan assets	(4.99)	11.00
Net gain/ (loss)	0.54	(4.38)
Less: Allocation to promoter Company under common gratuity trust	0.34	(2.81)
Net Cost in other Comprehensive Income	0.20	(1.57)

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

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
(a) Sale of products	27,243.08	29,901.24
(b) Other operating revenues	72.38	80.81
Revenue from operations	27,315.46	29,982.05

Note - 20(a): Other Operating Revenues

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Scrap sales	11.06	28.30
Export incentives	61.32	52.51
	72.38	80.81

Note - 21: Other Income

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Operating lease rentals from Investment Property	190.85	186.27
Interest income earned on financial assets	17.13	18.46
Net gain on foreign currency transaction and translation	78.64	25.82
Gain on sale of investments	0.23	-
Insurance claim	1.29	8.37
	288.14	238.92

Note - 22: Cost of Raw Materials and Components Consumed

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Opening stock of raw material and components	239.18	499.86
Add: Purchases during the year	17,337.19	21,390.47
Less: Closing stock of raw materials and components	257.28	239.18
Cost of Raw Materials and Components Consumed	17,319.09	21,651.15

Note - 23: Changes in Inventories of Finished goods

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Opening stock	127.65	56.80
Closing stock	253.09	127.65
Net change	(125.44)	(70.85)

Note - 24: Employee Benefit Expenses

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Salaries and wages	1,137.09	1,067.65
Contribution to provident and other funds	127.32	95.88
Staff welfare expenses	195.41	165.08
	1,459.82	1,328.61

(a) Contribution to Provident Fund is in the nature of defined contribution plan and are made to Employees Provident Fund Scheme, 1952. Under the Scheme the Company is required to contribute a specified percentage of payroll cost to the Scheme. The interest as declared by the Government from time to time accrues to the employees under the Scheme.

(b) Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to Reliance Nippon Life Insurance Company Limited. Under the Scheme the Company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make settlement to the qualifying employees.

NOTES FORMING PART OF FINANCIAL STATEMENTS

- (c) Contribution Employees' Group Gratuity-cum Life Assurance scheme is in the nature of Defined Benefit plan and is remitted to Reliance Nippon Life Insurance Company Limited. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment.
- (d) Liability for unavailed leave for employees is considered as short term benefit and provided accordingly in books.

Note - 25: Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Interest expenses	164.28	282.60
Interest expenses accrued on lease liability- Refer Note 4(b)	25.51	-
Other borrowing cost (Bank charges)	14.48	24.45
	204.27	307.05

Note - 26: Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Depreciation on Property, Plant and Equipment	452.96	426.47
Depreciation on Investment Property	25.90	25.90
Amortisation on Intangible assets	19.40	0.95
Depreciation on Right of use assets - Refer Note 4(b)	55.66	-
	553.92	453.32

Note - 27: Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Power & fuel	1,942.36	1,860.20
Stores consumed	675.19	581.42
Freight and carriage outwards	421.88	552.12
Packing materials	378.61	320.87
Repairs & maintenance		
-Building	62.40	27.59
-Plant & equipment	671.53	568.34
-Other assets	82.29	24.83
Operating lease rentals paid (Refer Note below)	6.59	96.02
Travelling	244.31	147.76
Insurance	44.54	38.62
Rates & Taxes	135.47	69.47
Auditor's Remuneration:		
-Statutory audit fees	3.00	3.00
-Limited review fees	1.50	1.50
-Tax audit	0.50	0.50
-Other services	0.15	0.13
Research and development expenditure (Refer Note 30)	61.85	54.84
Corporate Social Responsibility expenditure (Refer Note 31)	27.00	25.80
Legal & professional charges	233.30	147.15
Sitting fees to Directors	8.10	5.80
Commission & discounts	445.41	71.97
Printing and stationery	11.25	7.20
Postage and telephone expenses	8.75	10.94
Administration expenses	435.65	339.97
	5,901.63	4,956.04

Note: Operating Lease term less than one year and which are exempted under Ind AS 116.

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note - 27(a): Directors' Remuneration

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
(a) Managing Director and whole time director remuneration		
Short term benefits	113.46	86.20
Commission paid	66.10	29.54
	179.56	115.74
Note : Managerial remuneration above does not include gratuity as the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.		
(b) Non-Executive Director's remuneration		
Directors' sitting fees	8.10	5.80
	8.10	5.80

Note - 28: Tax Expense

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
The major component of income tax expense and the reconciliation of expected expense based on the domestic effective tax rate of Kothari Petrochemicals Ltd at 29.12% (Normal) and the reported tax expense in profit and loss are as follows:		
	2,434.84	1,595.65
Profit before tax	-	0.03
Adjustments	2,434.84	1,595.68
Profit before tax before MSME Interest	637.80	343.85
i) Income Tax calculated at Normal 29.12 % (2018-19 - 21.5488% - MAT tax) Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax expenses comprise of:		
i) Current tax	637.80	343.85
ii) Adjustments in respect of current income tax of previous years	-	-
	637.80	343.85
iii) MAT credit utilised	96.34	-
Net Current Income Tax	541.46	343.85

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

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Nominal value of equity share (₹)	10.00	10.00
Profit attributable to equity shareholders (A)	1,832.91	1,218.57
Weighted average number of equity shares outstanding during the year (B)	5,88,46,400	5,88,46,400
Basic earnings per equity share (A/B) (₹)	3.11	2.07
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D)=(A+C)	1,832.91	1,218.57
Dilutive effect on weighted average number of equity shares outstanding during the year (E)	-	-
Weighted average number of equity shares for computing diluted EPS (F)=(B+E)	5,88,46,400	5,88,46,400
Diluted earning per equity share (D/F) (₹)	3.11	2.07

Note - 30: Details of Research and Development Expenditure

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
i) Capital expenditure	19.66	1.54
ii) Revenue expenditure		
a) Raw material and components consumed	4.28	3.39
b) Salaries and wages	33.19	24.12
c) Consultancy charges	19.44	19.44
d) Miscellaneous expenses	4.94	7.89
	61.85	54.84
Total (i) + (ii)	81.51	56.37

Note - 31: Expenditure on Corporate Social Responsibility

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
a) Gross amount required to be spent	27.00	25.80
b) Amount spent on:		
- Paid to HCK Educational and Development Trust	27.00	25.80
	27.00	25.80

Note - 32 Capital Management

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

The following table summaries the capital of the Company.

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Equity	10,021.49	8,548.29
Debt	560.54	2,746.74
Cash and cash equivalents	(34.96)	(549.38)
Net Debt	525.58	2,197.36
Total capital (equity+net debt)	10,547.07	10,745.66
Net debt to capital ratio	0.05	0.20

Note - 33: Fair value of financial assets and liabilities

The Company considers that the carrying amount of financial assets and financial liabilities, other than those mentioned below are recognised at amortised cost in the balance sheet which approximates their fair value.

Particulars	As at 31 st March 2020	As at 31 st March 2019	Fair Value Hierarchy
Financial Assets :			
Investments:	400.00		Level 2
Derivative assets		0.15	Level 1
Financial Liabilities:			
Derivative Liability	15.17		Level 1

Fair value of investments in Mutual Funds is based on Net asset value (NAV) declared by mutual fund houses at the reporting date.

There are no reclassification between different levels during the year.

Note - 35: Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

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

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

a) Foreign currency risk management

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

Foreign currency forward covers outstanding as at Balance sheet date :

(₹ in Lakhs)

	As at 31 st March 2020	As at 31 st March 2019
Forward cover (sell) :		
USD/INR (in FCY)	6.55	5.47
USD/INR (in INR)	498.13	379.95
EURO/INR (in FCY)	0.38	0.35
EURO/INR (in INR)	31.11	28.30

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

NOTES FORMING PART OF FINANCIAL STATEMENTS**b) Interest rate risk management**

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

Interest rate sensitivity analysis

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

If the interest rate were to increase by 50 basis from 31st March 2020, in case of Rupee borrowings and all other variables were held constant, additional annual interest expense on floating rate borrowing would amount to approximately ₹ 12 lacs (31st March 2019 ₹ 13 lakhs).

c) Other price risks

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

d) Credit risk management

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

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

e) Liquidity risk management

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2020. (₹ in Lakhs)

Particulars	Carrying amount	upto 1 year	1-3 years	More than 3 years	Total contracted cash flows
Interest bearing borrowings	560.54	555.05	5.49		560.54
Non interest bearing	2,495.92	2,495.92			2,495.92
Other financial liabilities	200.71	150.57		50.15	200.71
Total	3,257.17	3,201.54	5.49	50.15	3,257.17

The table below provides details of financial assets as at 31st March 2020: (₹ in Lakhs)

Particulars	Carrying amount
Trade receivable	2,094.53
Other financial assets	604.68
	2,699.21

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 34 - Related Party Transactions
Related party disclosures - As identified by the Management and relied upon by the Auditors

Holding Entity

Under section 2(76)(v) of the

Companies Act, 2013

BHK Trading LLP

(i) M/s. Kothari Sugars and Chemicals Limited

(ii) M/s. Century Foods Private Limited

(iii) M/s. Kothari Safe Deposit Limited

(iv) M/s. Parasakthi Trading Company Private Limited

(v) M/s. Kothari Biotech Private Limited

(vi) M/s. HCK Educational and Development Trust

Non Independent

Non Executive Director (KMP)

Relative of Chairperson and

Managing Director

Non Executive Independent

Directors (KMP)

Key Management Personnel (KMP)

(i) Mr. Arjun B. Kothari - MD

(ii) Mr. M Rajavel - WTD

(iii) Mr. S. Sivamahesh - CFO

(iv) Ms. Deepa Bansal - CS (*)

(v) Mr. A. Thanikainathan - CS (*)

(i) Mrs. Nina B. Kothari - Chairperson

(i) Mrs. Nayanata B. Kothari

(i) Mr. Pranab Kumar Rudra

(ii) Mr. S. Sundararaman

(iii) Mr. V. V. SuryaRau

 (*) Ms. Deepa Bansal was appointed as Company Secretary and Compliance Officer w.e.f. 10th August 2019 and Mr. A. Thanikainathan resigned w.e.f. 09th August 2019 from the position of Company Secretary and Compliance Officer.

(₹ in Lakhs)

Nature of Transactions	Holding Entity		Key Management Personnel (KMP)				Non Independent Non Executive Director (KMP)		Relative of Chairperson and Managing Director		Non Executive Independent Directors (KMP)	
	2019-20	2018-19	Mr. Arjun B. Kothari, Managing Director	2019-20	2018-19	(WTD / CFO / CS) - KMP	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Dividend	147.23	220.84	-	-	-	-	31.29	2.23	-	-	-	-
Sitting Fees	-	-	-	-	-	-	1.20	1.40	-	-	6.90	4.40
Management Consultancy	-	-	-	-	-	-	30.00	30.00	-	-	-	-
Short Term Employee Benefits	-	-	110.75	74.19	96.73	57.13	-	-	-	-	-	-
Post Employment Benefits	-	-	5.04	5.04	8.80	4.06	-	-	-	-	-	-
Closing Balance	Nil	Nil	Nil	Nil	Nil	Nil	2.95	Nil	Nil	Nil	Nil	Nil

Nature of Transactions	Century Foods Pvt Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Private Limited		Kothari Sugars & Chemicals Ltd.		Parasakthi Trading Co. Pvt. Ltd.		HCK Educational and Development Trust	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Dividend	-	-	-	-	-	-	30.30	90.14	-	-	-	-
Lease rental	15.60	15.60	25.41	21.76	-	-	-	-	32.40	31.00	-	-
Electricity charges	-	-	-	-	-	-	8.02	6.19	-	-	-	-
Reimbursement of Expenses	-	-	-	-	-	-	19.71	15.69	-	-	-	-
Locker Rent	-	-	0.13	0.10	-	-	-	-	-	-	-	-
Professional Services (AMC, Tech Fee)	-	-	-	-	-	-	290.40	264.00	-	-	-	-
CSR Payment	-	-	-	-	-	-	-	-	-	-	27.00	25.80
Purchase of Goods	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1.53	Nil	2.50	Nil	Nil	Nil	29.36	Nil	3.19	Nil	Nil	Nil

Note :

- (**) Mr. C.V. Sankar, Independent Director resigned from the office of Director with effect from 25th March 2019.
- Remuneration to KMP other than Managing Director is the total cost to company. Also refer Page Nos. 23 & 24 of the Annual report.
- Managing Director remuneration above does not include gratuity as the same is computed actuarially for all the employees and the amount attributable to the managerial person cannot be ascertained separately.
- Dividend of ₹ 50 each paid to Managing Director and to the relative of Chairperson/Managing Director not included in the above.

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

No adjusting or significant non-adjusting events have occurred between 31st March 2020, the reporting date and the date of approval of financial statements.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on its operations. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal sources of information and market based intelligence to arrive at expected future performance of the Company.

Note - 37: Commitments, Contingent Liabilities and Contingent Assets

(₹ in Lakhs)

	As at 31 st March 2020	As at 31 st March 2019
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	51.05	27.70
(b) Contingent liabilities		
Guarantees:		
Bank Guarantees	1,222.25	1,162.77

Note - 38 : Dues to Micro, Small and Medium suppliers

Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars as at 31st March 2020 are furnished below:

Particulars	As at March 31 st 2020	As at March 31 st 2019
The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year		
Principal	26.20	40.43
Interest	0.03	0.03
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	0.03
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.03	0.03
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

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

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

Note - 40: Previous year figures

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

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

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

Arjun B. Kothari
 Managing Director

S. Sundarraman
 Director

Deepa Bansal
 Company Secretary

Sivamahesh. S
 Chief Financial Officer

S. Sriram
 Partner
 Membership No.205496

Place : Chennai
 Date : June 16, 2020

KOTHARI PETROCHEMICALS LIMITED

Regd. Office. "Kothari Buildings"

No. 115, Mahatma Gandhi Salai,

Nungambakkam, Chennai - 600 034.