Kothari
PETROCHEMICALS

Registered Office :
"Kothari Buildings", No. 115, Mahathma Gandhi Salai, Nungambakkam, Chennai - 600 034
Phone : 044-30226848 / 5614, Fax : 044-28334560, www.kotharipetrochemicals.com

HCK
GROUP

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

August 14, 2017

Dear Sirs,

Stock Code - **KOTHARIPET**

Sub: Intimation of Book Closure for the purpose of Annual General Meeting, Payment of Dividend and e-voting process of Kothari Petrochemicals Limited for the financial year 2016 - 2017.

1. This is to inform you that the 28th Annual General Meeting of the Company will be held on Thursday, 07th September, 2017 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No. 168, T.T.K.Road, Chennai - 600 014. Copy of the notice convening 28th Annual General Meeting of the Company along with Annual Report for the financial year 2016-17 is enclosed.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 01st September, 2017 to Thursday, 07th September, 2017 (both days inclusive) for the purpose of Annual General Meeting and Payment of Final Dividend for the year 2016-17.

3. (a) Further, we wish to intimate that in terms of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 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 ensuing Annual General Meeting of the Company.

   (b) For the aforesaid purpose the Company has fixed 31st August, 2017, Thursday as the cut-off date to determine the entitlement of voting rights of members for e-voting.

   (c) 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.

4. Kindly acknowledge and take this into your records.

Thanking You,

Yours truly,
for **Kothari Petrochemicals Limited**

KOTHARI PETROCHEMICALS LIMITED CHENNAI 600 034

A.Thanikainathan
Company Secretary & Compliance Officer

Kothari
PETROCHEMICALS

Kothari Petrochemicals Limited

28th Annual Report 2016 - 17

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 P.N. Devarajan Pranab Kumar Rudra Dr. R.K.Raghavan C.V. Sankar (with effect from 10th July, 2017)
Company Secretary	:	A. Thanikainathan
Chief Financial Officer	:	Cyrus Kallupurackal
Statutory Auditors	:	R. Subramanian and Company LLP Chartered Accountants No.6, Krishnaswamy Avenue, Luz, Mylapore, Chennai - 600 004
Internal Auditors	:	K.R.Sarangapani & Co. Chartered Accountants, No.28/1, Anjuham Nagar, 1st Street, Jafferkhanpet, Chennai - 600 083
Cost Auditors	:	P. RajuIyer, 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 and Associates Advocates, No.6/1, Bishop Wallers Avenue (West) Mylapore, Chennai - 600 004
Registered Office	:	"Kothari Buildings" No.115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034 Phone No. 044 -30225616 / 30225507 / Fax No. 044 -28334560 e-mail: secdept@hckgroup.com website: www.kotharipetrochemicals.com
Registrar & Share Transfer Agent	:	Cameo Corporate Services Limited Subramanian Building, 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**
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

Kothari PETROCHEMICALS

CONTENTS

	Page No.
Notice to the Members	3
Directors' Report	10
Management Discussion and Analysis	26
Corporate Governance Report	27
Auditors' Report	38
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes Forming Part of Financial Statements	45

FINANCIAL HIGHLIGHTS

₹. in Lakhs

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
PROFITABILITY ITEMS					
Gross Income	26,152.05	37,055.05	31,005.27	23,572.93	24,652.68
Profit (PBDIT)	1,117.29	1,519.77	2,138.64	1,806.52	1,457.93
Profit/ (Loss) After Tax	**520.56**	**790.64**	**1,130.49**	**918.45**	**583.80**
BALANCE SHEET ITEMS					
Net Fixed Assets	4,844.38	5,278.18	5,380.39	5,454.54	6,899.47
Investments	317.85	1,093.23	1,194.60	613.83	-
Net Current Assets	1,592.58	856.05	932.76	976.09	1,554.18
Total Capital Employed	6,457.75	6,611.61	6,946.25	7,168.11	8,691.29
Shareholders' Funds	**6,062.78**	**6,164.95**	**6,459.25**	**6,669.44**	**7,089.94**
RATIOS					
Book Value per share (Rs.)	10.30	10.40	10.98	11.33	12.05
EPS (Rs.)	0.88	1.34	1.92	1.56	0.99
Return on Investment	8.59%	12.82%	17.50%	13.77%	8.23%
Dividend %	7.50%	10%	10%	10%	5%

NOTICE TO THE MEMBERS

Notice is hereby given that the 28th Annual General Meeting of Kothari Petrochemicals Limited will be held on Thursday, 7th September 2017 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business

1. To consider and adopt the Audited financial statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend of Re.0.25/- paise per equity share of face value of Rs.10/- for the financial year 2016-17.
3. To appoint a Director in the place of Mrs. Nina B. Kothari, (DIN 00020119) who retires by rotation and being eligible offers herself for re-appointment.
4. **Appointment of Statutory Auditors**

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

   "**Resolved that** pursuant to the provisions of Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. P. Chandrasekar LLP, Chartered Accountants (Registration No. 000580S/S200066), be and are hereby appointed as Statutory Auditors of the Company to hold office till the conclusion of the 33rd Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.

Special Business

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

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

   "Resolved that subject to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 if any, and Companies (Audit & Auditors) Rules, 2014, (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and re-imbursement of out of pocket expenses to Mr.M.Pandurangan of 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 2017-2018, be and is hereby ratified and confirmed."
6. **Appointment of Mr. C.V.Sankar as Independent Director**

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

   "Resolved that Mr.C.V. Sankar (holding DIN 00703204), who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 10, 2017 in terms of Section 161 of the Companies Act, 2013 and Article 133 of the Company, who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company is, be and hereby appointed as an Independent Director of the Company for a term of five years upto July 09,2022 as per Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013".

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

Place: Chennai
Date:10th July, 2017

A.Thanikainathan
Company Secretary

Important Notes:

a) **The Register of Members and Share Transfer books will remain closed from Friday, the 1st September, 2017 to Thursday, 7th September, 2017 (both days inclusive) on account of the Annual General Meeting and determining the entitlement of the Shareholders to the final dividend for the year 2016-17.**

b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

c) A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

d) A person can act as a Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

e) The instrument appointing a Proxy should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 Hours before the commencement of the meeting i.e. 10.30 a.m. on Tuesday, 5th September 2017. A Proxy form is sent herewith.

f) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.

g) **Members or Proxies are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting and members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.**

h) The Board of Directors at its meeting held on 13th February, 2017 declared an Interim Dividend at the rate (@2.5%) of Re.0.25/- paise per equity share of Rs.10/- each for the financial year 2016 - 2017. The total amount inclusive of dividend tax of Rs.163.30 lakhs was paid within the stipulated time.

i) The Board of Directors at its meeting held on 29th May, 2017, recommended a final dividend at the rate (@ 2.5%) of Re.0.25/- paise per equity share of Rs.10/- each for the financial year 2016 - 2017. The Dividend would be paid by not later than 06th October, 2017 to those shareholders whose names stand on Register of Members as of the close of business hours on 31st August 2017, if declared. Dispatch of Dividend warrants / Demand Drafts / ECS credit would be done by 06th October 2017.

j) Members who have not encashed their dividend warrants / Demand Drafts pertaining to the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 are advised to write to the Company / RTA immediately claiming the dividends declared by the Company. The details of unpaid dividends that are due for transfer to Investor Education and Protection Fund (IEPF) 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 shareholder is entitled to claim the shares and the dividend transferred to IEPF in accordance with such procedure and on submission of such documents as prescribed in the Act.

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

k) In terms of the extant provisions of IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16, as on the date of the 27th Annual General Meeting (AGM) held on 04th August, 2016, on the website of the IEPF viz. www.iepf.gov.in and also in the Company's Website www.kotharipetrochemicals.com under "Investors ---> Investor Relations."

l) 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 Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.

m) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail the benefits of easy liquidity, electronic transfer, savings in stamp duty, prevention of forgery, etc.

n) The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.

o) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.

p) The shareholders are requested to send their queries on annual accounts / other reports of Annual Report to the Company in the email id secdept@hckgroup.com, atleast 3 days before the date of meeting, so that the requisite information/explanations can be provided at the meeting.

q) Pursuant to Section 72 of the Companies Act, 2013 and the Rules made thereunder 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.

r) Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is appended to this notice.

s) Electronic copy of the Notice and Annual Report of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice and Annual Report of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are sent in the permitted mode.

t) Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.kotharipetrochemicals.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same at free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secdept@hckgroup.com.

Voting through Electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Rule 21 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company shall provide members facility to exercise their right to vote at the General Meetings by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

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

In case of members receiving e-mail:

i) Log on to the e-voting website www.evotingindia.com.

ii) Click on "Shareholders" tab to cast your votes.

iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT

iv) Now Enter your User ID:

	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

Then enter the Captcha Code as displayed and Click and Login

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

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

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

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

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

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

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

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

ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.

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

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

xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

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

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

xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page

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

xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Phone No. 022-22723333.

xviii) If Demat account holder has forgotten the password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.

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

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

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

VOTING AT AGM

i) The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.

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

General

a) The remote e-voting period commences on Sunday, 3rd September, 2017 at 9.00 A.M. and ends on Wednesday, 6th September, 2017 at 5.00 P.M. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting. The remote e-voting module shall be blocked by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

b) After despatch any person who acquires shares of the Company and becomes member of the Company as on the cut-off date i.e. Thursday, 31st August, 2017 may obtain the login ID and password by sending an email to investor@cameoindia.com or secdept@hckgroup.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote.

c) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.

d) The voting rights of a member shall be in proportion to his shares in the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, 31st August, 2017.

e) Mr. N.Sridharan, Practising Company Secretary (Membership No. PCS 7469), Chennai has been appointed as Scrutinizer to scrutinize the e-voting process (electronically or otherwise) in a fair and transparent manner.

f) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting, and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days after the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

g) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kotharipetrochemicals.com and website of CDSL http://www.evotingindia.com and also the same shall be forwarded to The National Stock Exchange of India Limited, Mumbai simultaneously, where the Company's shares are listed.

h) Route Map showing directions to reach to the venue of the 28th Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standard - 2 (SS-2) on "General Meeting."

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

Item No.5

The Audit Committee and the Board of Directors of the Company at the meeting held on 29th May, 2017 appointed Mr.M.Pandurangan of M/s. P.RajuIyer, M.Pandurangan & Associates, Cost Accountants as the Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the financial year 2017-2018.

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.5 of the Notice to ratify the remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imbursement of out of pocket expenses to Mr. M.Pandurangan of M/s. P.RajuIyer, M.Pandurangan & Associates, Cost Auditor for the Poly Iso Butylene (PIB) unit of the Company for the financial year 2017-2018 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 29th May, 2017.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested either financially or otherwise, in the Resolution set out at Item No.5.

Item No.6

The Board of Directors of the Company through a Circular Resolution appointed Mr. C.V.Sankar as an Additional Director of the company to hold office from July 10, 2017. Mr. C.V.Sankar holds office upto the date of this Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company received requisite notice from a Member proposing Mr.C.V.Sankar as a candidate for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr.C.V.Sankar as an Independent Director of the Company for a term of five years upto 09th July, 2022 in pursuant to Section 149 and other applicable provisions of the Companies Act 2013.

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

Except Mr.C.V.Sankar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.6. The disclosure under Clause 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with the Stock Exchange is annexed with the Notice.

By Order of the Board

for **Kothari Petrochemicals Limited**

Place: Chennai
Date: 10thJuly, 2017

A.Thanikainathan
Company Secretary

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

Particulars	Item No.3	Item No.6
Name of the Director	Nina B Kothari	C. V. Sankar
Date of Birth	21.07.1962	02.07.1956
Date of First Appointment on the Board	27.05.2014	10.07.2017
Qualification	B A (Economics)	M.Com., M.B.A, IAS (Retd.)

Particulars	Item No.3	Item No.6
Experience in specific functional areas	She is holding directorship in H.C. Kothari Group of Companies. She held various positions in prestigious institutions as Treasurer of Crafts Council of India, World Crafts Council and Chairperson of National Crafts & Heritage Committee of ASSOCHAM. She was the President of International Womens' Association (IWA).	He was in the Indian Administrative Service (IAS) Tamil Nadu cadre from 1982 to 2016 and was the Additional Chief Secretary, Industries Department, Government of Tamil Nadu at the time of his superannuation. He was the Chairman of Titan Company Limited from 2014 to 2016 and of Tamilnadu Petroproducts Limited from 2013 to 2016 and the Chairman and Managing Director of Tamilnadu Newsprints and Papers Ltd (TNPL) from 2013 to 2016. He was a Director in many other companies including Neyveli Lignite Corporation Limited (now NLC India Ltd) and Tamilnadu Generation and Distrubution Corporation Limited (TANGEDCO). He was the Chairman and Managing Director of the Tamilnadu Power Finance and Infrastructure Development Corporation Ltd., (Powerfin) from 2003 to 2008. The company had assets of Rs.6,500/- crore when he demitted office in 2008. He has been involved in the management of these multi-crore investment companies and personally monitored new capex projects valued at about Rs 4500 crore during the period. He supervised the work of the Audit Committees of the companies. He also managed several projects funded by the World Bank, Asian Development Bank, the Prime Minister's Office and the International Fund for Agricultural Development as part of the Tsunami Rehabilitation Program which built more than 100,000 houses in the coastal areas of Tamil Nadu. The processes initiated by him became part of the Reconstruction Framework developed by World Bank.
List of other Public Companies in which Directorship held	a) Kothari Sugars and Chemicals Ltd. b) Kothari Safe Deposits Ltd.	-
Chairperson/ Member of the Committee of the Board of Director of the Company	Member a) Stakeholders Relationship Committee b) Nomination and Remuneration Committee c) Investment & Credit Approval Committee Chairperson a) Corporate Social Responsibility Committee	-
Chairperson/ Member of the Committee of the other companies in which he/she is a Director	Kothari Sugars and Chemicals Limited Chairperson a)Corporate Social Responsibility Committee	-
Number of Shares held in the Company (both own or held by/ for other persons on a beneficial basis) as on March 31, 2017	2,97,500 Equity Shares	-
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mrs. Nina B Kothari is the mother of Mr. Arjun B Kothari, Managing Director of the Company	He is not related to Promoters, Directors in the Company, its holding, subsidiary or associate company.
Number of meetings attended during the year and other Directorships / Chairpersonship of Committees of other Boards	Please refer Corporate Governance Section of the Annual Report.	N.A

To the Members

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

Financial Summary of the Company (₹.in Lakhs)

Sl. No.	Particulars	2016 - 2017	2015 - 2016
(i)	Profit/(Loss) before Interest and Depreciation	**1457.93**	1806.52
(ii)	Interest	**150.21**	107.72
(iii)	Depreciation	**310.37**	273.67
(iv)	Profit/(Loss) Before Tax	**997.35**	1425.13
(v)	Tax Adjustments including Deferred Tax	**413.55**	506.68
(vi)	Profit / (Loss) after Tax	**583.80**	918.45
(vii)	Profit brought forward from previous year	**750.36**	540.17
(viii)	Profit available for appropriation	**1334.16**	1458.62
(ix)	Dividend (Interim)	**147.12**	588.46
(x)	Dividend Distribution Tax	**16.18**	119.80
(xi)	Profit / (Loss) after Appropriation	**1170.86**	750.36

Financial Highlights

Though the company's total revenue increased from Rs.21,652.49 lakhs for the previous year 2015-16 to Rs.22,205.93 lakhs for the year ended March 31, 2017 the profit after tax has come down from Rs.918.45 lakhs for the previous year 2015-16 to Rs.583.80 lakhs for the year ended March 31, 2017 on account of lesser sales realisation per tonne.

Status of the Plant

The PIB plant was commissioned in 1990 with a production capacity of 5500 TPA. Subsequently the capacity was enhanced to 11000 TPA and further to 22000 TPA in 2007.

Though the plant can now produce upto 24,000 TPA of 950 MW PIB, the production is however confined to 22,000 TPA to conform to permission from Statutory Authorities. Over all the plant health is good and no major maintenance is required except the routine cleaning of the process equipments.

A few facilities were created to remove the impurities in the feed for betterment of quality of the product. The solar plant is continuing to generate power which is consumed by the main plant.

Your company continues to get ISO 9001:2008 & ISO 14001:2004 certification for quality and environment.

Performance

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

Your company achieved a production of 17510 MT which translates to a capacity utilisation of 101.3% in terms of 950 MW PIB. However, due to some disturbance in raw material supply from one of the sources (in terms of quality) the production got affected in the month of May'16. Added to this incident, there was a significant down time in the month of August to hook up the new facility of feed enhancement to the main plant and teething problems in stabilising the feed enhancement facilities. During the month of December 2016, severe cylone vardha hit chennai directly causing damages. A portion of roof sheet and insulation of the storage tanks were damaged and the operations were affected. However the employees have put in their sincere efforts to ensure safe operation of the unit. Subsequently the affected portions were restored to normalcy within the shortest possible time. Apart from these, Chennai Petroleum Corporation Limited (CPCL) took a shutdown due to failure of some of the utilities which had an impact on the production.

Your company continues to take a lot of efforts to improve the quality of the product. Now the quality of our company's product is almost in line with the highest International specification.

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

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

(a) Conservation of Energy

(i) During the previous year, on a trial basis, 13 impellers of outlet stream pump (P-107A) was changed to 09 impellers, which has resulted in reduction of power consumption by 75 units per day which translates into 24,750 units per year considering the on stream days of 330 in the year . Considering the cost saving due to the above initiatives, similar changes have been implemented on the alternative steam pump (P-107B) during the period under review.

(ii) 124 LED clusters were replaced in the plant area due to ageing / low illumination to ensure power conservation

(b) Technology absorption: Nil

(c) Foreign exchange earnings and Outgo ₹ in Lakhs

Sl. No.	Particulars	2016 - 2017	2015 - 2016
(i)	Total Foreign Exchange earned	1438	4855
(ii)	Total Foreign Exchange outflow	83	59

Dividend

The Board of Directors at its meeting held on February 13, 2017 declared an Interim Dividend at the rate (@ 2.5%) of Re.0.25 paise per equity Share of Rs.10/- each for the financial year 2016 - 2017. The total amount inclusive of dividend tax of Rs.163.30 lakhs was paid within the stipulated time.

The Directors recommend a final dividend at the rate (@ 2.5%) of Re.0.25 paise per equity share of Rs.10/- each for the financial year ended March 31, 2017. If the final dividend is approved by the Members at the ensuing Annual General Meeting to be held on 07th September, 2017, it will be paid on or before 06th October 2017 to those Members whose names appear in the Company's Register of Members as of the close of buisiness hours on 31st August 2017.

This, together with Interim dividend of Rs.0.25 paise per share (2.5%) already paid, would aggregate to a total divided of Rs.0.50 paise per share (5%) for the year 2016-2017.

Meetings

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

Share Capital

The paid up share capital as on March 31, 2017 was Rs.5198.68 lakhs. The company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Directors

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

Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of their Independence laid down in Section 149(6).

Composition of Audit Committee

The Audit Committee comprised of the following Directors during the year ended 31st March 2017:

Sl. No.	Name of Directors	Designation
(a)	Mr. P.N.Devarajan	Chairman (Independent Director)
(b)	Mr. Pranab Kumar Rudra	Member (Independent Director)
(c)	Dr. R.K.Raghavan	Member (Independent Director)

The Board has not rejected any proposal / recommendations of Audit Committee during the year.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy details are stated in the Corporate Governance Report.

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

Prevention of Insider Trading

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

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Subsidiary Companies

During the period under review, your Company has acquired the entire share capital of KPL HK held by KPL SG and thereby KPL HK has become the wholly owned subsidiary of your Company. Both the subsidiary companies have filed application for striking off / de-registration in their respective host countries and the companies are under the process of winding up. Investments made in both the subsidiaries were repatriated to India during the period under review. Your Company has informed the Stock Exchange on the winding up / de-registration application filed by the subsidiary companies.

The Subsidiary Company, Kothari Petrochemicals Pte. Ltd (KPL SG) has made a profit of Rs.100.40 Lakhs for the period ended March 14, 2017 (date of cessation of business) as against a loss of Rs.6.81 Lakhs during previous year.

The Subsidiary Company, Kothari Petrochemicals HK Ltd (KPL HK) has made a loss before tax of Rs.6.74 Lakhs for the period ended September 30, 2016 (date of cessation of business) as against a profit of Rs.42.50 Lakhs during the previous year.

Since the above quoted subsidiary companies have filed applications for striking off and de-registration respectively and the entire investments made in the subsidiaries were repatriated to India, the consolidation of financial statement is not required.

Extract of Annual Return

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT - 9 is annexed with this report as **Annexure I.**

AUDITORS

a) Statutory Auditor

The term of M/s.R.Subramanian and Company LLP, Chartered Accountants, the existing Auditors of the Company will be expiring at the ensuing Annual General Meeting to be held on 07th September 2017.

The Audit Committee and the Board of Directors recommend the appointment of M/s.P.Chandrasekar LLP, Chartered Accountants (Registration No.000580S/S200066), Chennai as the Statutory Auditors of the Company to hold office from the conclusion of 28th Annual General Meeting till the conclusion of 33rd Annual General Meeting of the Company.

The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed there under.

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

b) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit Records maintained by the Company in respect of its Poly Iso Butylene (PIB) unit required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed M/s. P.RajuIyer, M.Pandurangan & Associates, Cost Accountant in practice for conducting the audit of cost records of the Company for the financial year 2016-17 on a remuneration of Rs.50,000 (Rupees Fifty Thousand only). As required under the Companies Act, 2013, 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.RajuIyer, M.Pandurangan & Associates, Cost Accountant is included at Item No.5 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, Company Secretary in Practice, Chennai as Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as **"Annexure II".** The Report does not contain any qualification.

DIRECTORS' REPORT

Deposits

The Company has not accepted deposits either from members or public falling within the ambit of Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. There were no outstanding deposits during and at the end of the financial year 2016-17.

Significant & Material orders passed by the Regulators

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

Internal Control Systems and their Adequacy

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

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

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 the investments made by the company are given in the notes to the Financial Statements.

Risk Management

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

Corporate Social Responsibility Policy

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

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for the schemes of promotion of education. The contributions in this regard have been made to the Registered Trust which is undertaking these schemes. Detailed report on CSR activities in the prescribed format is at page number 22.

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 which are not at arm's length basis and thus disclosure in form AOC-2 is not required.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and of 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 its approval 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

Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out the Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees, as per the format prescribed by the Nomination and Remuneration Committee of the Company.

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

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

Separate Meeting of Independent Directors

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

Disclosure about Cost Audit

Filing of Cost Audit Report	2016 - 2017	2015 - 2016
Due Date	27.09.2017	27.09.2016
Actual Date	(Target) 15.09.2017	31.08.2016
Cost Auditor Details	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai	M/s. P.Rajulyer, M.Pandurangan & Associates, M.No.27969, Chennai
Audit Qualification in Report	-	-

Listing with Stock Exchanges

The Company is listed in The National Stock Exchange of India Limited (NSE) and the Stock Code is KOTHARIPET and ISIN-INE720A01015. The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to NSE where the Company's shares are listed.

Corporate Governance and Shareholders Information

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

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

Particulars of Employees

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

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

a) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details: Except Mr.Arjun B.Kothari Managing Director, no director is in receipt of remuneration except sitting fees.

Sl. No.	Name	Designation	Ratio
(i)	Mr.Arjun B.Kothari	Managing Director	7.8 : 1

(For this purpose, Sitting fees paid to the Directors have not been considered as Remuneration)

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

Sl. No.	Name	Designation	Percentage of Increase
(i)	Mr. Arjun B.Kothari	Managing Director	No increase
(ii)	Mr.Cyrus Kallupurackal	Chief Financial Officer	20%
(iii)	Mr.S.Sundaramurthy*	Company Secretary	7%
(iv)	Mr.A.Thanikainathan**	Company Secretary	-

*Mr.S.Sundaramurthy resigned w.e.f 01st September 2016

**Mr.A.Thanikainathan was appointed on 8th November 2016

c) 4% decrease was reported in the median remuneration of employees in the financial year.

d) The number of permanent employees on the rolls of company as on 31st Mar 2017: 131

e) Average percentile increase already made in the salaries of employee's other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Increase of remuneration for employees varies between 9% to15 % and for KMP the increase was 20% based on their performance during the year.

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

Cautionary Statement

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

Acknowledgement

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

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

Place: Chennai
Date: May 29, 2017

Nina B. Kothari
Chairperson

Information as per Section 197(12) of the Companies Act, 2013 & Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017

Sl. No	Name	Designation	Qualification	Gross Remuneration (Rs. In Lakhs)	Nature of Employment (Contractual or otherwise)	Date of Commencement of Employment	Age (in years)	Experience	Last or previous employment	% of Equity Shares held	Relative of Director or Manager
1	Arjun B Kothari	Managing Director	B.Sc (Education and Social Policy), Northwestern University, USA & Global Health and European Politics from Paris Institute of Political Studies, Paris, France	49.49	Permanent	08-04-2015	25	3	General Electric Corporation, USA	-	YES
2	Rajavel M	President - Commercial	B.Sc.PG MM	43.93	Permanent	04-05-1997	54	32	Chemplast	-	NO
3	Rakeshkumar Gupta	Head - TLS & Projects	B.Tech (Chemical)	22.91	Permanent	01-08-2012	58	36	Maharashtra Polybhutene Ltd	-	NO
4	Ramakumar N	Dgm-Finance & Accounts	ACA	22.82	Permanent	04-05-1997	52	31	Kothari Sugars and Chemicals Limited	-	NO
5	A.R.Ashok Kumar	GM - Unit Head	B.Tech	19.30	Permanent	01-07-1994	44	23	-	200	NO
6	V.Prasanna Kumar	GM- Business Development	B.Sc., MBA (Marketing)	18.00	Permanent	02-06-2016	42	21	MK Aromatics Ltd	-	NO
7	K.Sreekanteswaran	General Manager - PR	B.Com	15.12	Permanent	16-06-2011	55	6	Madras Entertainment Pvt Ltd	-	NO
8	Muruganandam T	Sr.Manager Marketing	B.E (Chemical)	14.88	Permanent	05-11-2007	38	16	Sanmar Ltd.	-	NO
9	S.V.Ramesh	Sr.Manager Suply Mgnt	DME	14.64	Permanent	08-10-2011	47	24	Bonfiglioli Transmissions Pvt Ltd.	-	NO
10	Cyrus Kallupurackal	Chief Financial Officer	ACA	12.36	Permanent	23-02-2015	35	9	MRF Ltd.	-	NO

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.

Annexure - I

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS

CIN	L11101TN1989PLC017347
Registration Date	28.04.1989
Name of the Company	Kothari Petrochemicals Limited
Category/ Sub-Category of the Company	Company Limited by Shares
Address of the Registered office and contact details	"Kothari Buildings", No. 115, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034 Ph. No. 044-30225507 Fax No. 044-28334560 Email: secdept@hckgroup.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramanian Buildings, 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

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	76.35%
2	C4 Raffinate (LPG)	19201	20.95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GNL LLPIN / FLLPN	Holding / Subsidiary / Associates	% of Shares held	Applicable Section
1	BHK Trading LLP No.115,Mahatma Gandhi Road, Nungambakkam, Chennai - 600034	AAE-5313	Holding	50.04	2(46)
2	Kothari Petrochemicals Pte. Ltd., Singapore 1, Raffles Place, #39-01, One Raffles Place, Singapore - 048 616	Registration No. 201319295W	Wholly owned Subsidiary	100.00	2(87)
3	Kothari Petrochemicals HK. Ltd., Hong Kong (Step down Subsidiary)* Suite 1803-4, 18/F, St.George's Building, No.2, Ice House Street, Central, Hong Kong	Registration No. 1951069	Wholly owned Subsidiary	100.00	2(87)

*KPL India has acquired entire 7,500 shares of KPL HK Ltd., (Step down Subsidiary) held by KPL Pte. Ltd (Wholly owned Subsidiary) on 22nd February 2017.

The Companies mentioned in Serial No. (2) & (3) above are under striking off / de-registration.

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.	**Promoter**									
1	**Indian**									
(a)	Individual / Hindu Undivided Family	2,97,600	-	2,97,600	0.51	2,97,500	-	2,97,500	0.51	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,14.64,812	-	4,14.64,812	70.46	4,14.64,812	-	4,14.64,812	70.46	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
9	**Sub-Total (A)(1)**	**4,17,62,412**	**-**	**4,17,62,412**	**70.97**	**4,17,62,312**	**-**	**4,17,62,312**	**70.97**	**-**
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)	**4,17,62,412**	**-**	**4,17,62,412**	**70.97**	**4,17,62,312**	**-**	**4,17,62,312**	**70.97**	**-**

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	-	51,500	51,500	0.09	-	51,500	51,500	0.09	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(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 (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**14,56,931**	**92,000**	**15,48,931**	**2.64**	**14,56,931**	**92,000**	**15,48,931**	**2.64**	
2	**Non-institutions**									
(a)	Bodies Corporate	51,18,284	1,22,600	52,40,884	8.91	56,33,999	1,07,600	57,41,599	9.76	0.85
(b)	Individuals -									
	i. Individual shareholders holding Rs.1 lakh.	49,75,738	20,32,089	70,07,827	11.91	50,72,275	20,04,689	70,76,964	12.03	0.12
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	21,25,019	59,400	21,84,419	3.71	18,49,044	59,400	19,08,444	3.24	(0.47)
(c)	Any Other									
	1) Directors & Relatives	-	100	100	0.00	100	100	200	0.00	-
	2) Non-Resident Indians (NRI's)	3,25,779	7,600	3,33,379	0.57	3,46,478	7,600	3,54,078	0.60	0.03
	3) Clearing Members	13,945	-	13,945	0.02	18,357	-	18,357	0.03	0.01
	4) Hindu Undivided Families	7,54,502	1	7,54,503	1.28	4,35,514	1	4,35,515	0.74	(0.54)
	Sub-Total (B) (2)	**1,33,13,267**	**22,21,790**	**1,55,35,057**	**26.40**	**1,33,55,767**	**21,79,390**	**1,55,35,157**	**26.40**	**-**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**1,47,70,198**	**23,13,790**	**1,70,83,988**	**29.04**	**1,48,12,698**	**22,71,390**	**1,70,84,088**	**29.04**	**-**
	TOTAL (A)+(B)	**5,65,32,610**	**23,13,790**	**5,88,46,400**	**100.00**	**5,65,75,010**	**22,71,390**	**5,88,46,400**	**100.00**	**-**
C.	Shares held by Custodians and against which Depository Receipts have been issued									
	1) Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	2) Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**5,65,32,610**	**23,13,790**	**5,88,46,400**	**100.00**	**5,65,75,010**	**22,71,390**	**5,88,46,400**	**100.00**	**-**

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Nina Bhadrashyam Kothari	2,97,500	-	2,97,500	0.51	2,97,500	-	2,97,500	0.51	-
(ii)	Rasika H.Kothari	100	-	100	0.00	-	-	-	-	-
(iii)	Kothari Sugars and Chemicals Ltd.	1,20,19,000	-	1,20,19,000	20.42	1,20,19,000	-	1,20,19,000	20.42	-
(iv)	BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	-	2,94,45,812	50.04	2,94,45,812	-	2,94,45,812	50.04	-
	Total	**4,17,62,412**	**-**	**4,17,62,412**	**70.97**	**4,17,62,312**	**-**	**4,17,62,312**	**70.97**	**-**

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
Rasika H.Kothari				
At the beginning of the year	100	-	-	-
Date wise Increase / Decrease in Pormoters Shareholding during the year specifying the reasons for Increase / Decrease (e.g. Allotment / Transfer/ Bonus/ Sweat Equity etc.,)	(100)	-	-	-
At the end of the year	-	-	-	-

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	Century Foods Private Limited	23,53,000	4.00	23,53,000	4.00
2	KSR Chemicals and Fortune Trading Pvt Ltd	18,69,000	3.15	18,69,000	3.15
3	Life Insurance Corporation of India	14,56,931	2.55	14,56,931	2.55
4	New Berry Advisors Limited	-	-	2,86,000	0.49
5	Namita Jagdish Bharwani	1,10,000	0.18	1,10,000	0.18
6	Nirmal Hiroo Bharwani	1,00,000	0.16	1,00,000	0.16
7	Phillipcapital (India) Private Limited	-	-	85,444	0.15
8	Sheetal Hiroo Bharwani	75,000	0.13	75,000	0.13
9	Vishvjyoti Trading Limited	75,000	0.13	75,000	0.13
10	Nikesh Bhauwandas Mehta	62,500	0.11	62,500	0.11

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors					
Sl. No	Name of Directors	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mrs.Nina B. Kothari	2,97,500	0.51	2,97,500	0.51
2	Mr.Arjun B Kothari - Managing Director	-	-	-	-
3	Mr.P.N. Devarajan	-	-	-	-
4	Mr.Pranab Kumar Rudra	-	-	-	-
5	Dr.R.K.Raghavan	-	-	-	-
For Each of the KMP					
(i)	Mr.A.Thanikainathan - Company Secretary and Compliance Officer (*)	-	-	-	-
(ii)	Mr.S.Sundaramurthy - Company Secretary and Compliance Officer (**)	100	-	100	-
(iii)	Mr. Cyrus Kallupurakal - Chief Financial Officer (CFO)	-	-	-	-

(*) Mr. A.Thanikainathan appointed as Company Secretary & Compliance Officer on 08th November, 2016.

(**) Mr. S.Sundaramurthy resigned w.e.f. 01.09.2016 from the position of Company Secretary & Compliance Officer.

VI. INDEBTEDNESS

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

Description	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,793.92	-	-	1,793.92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,793.92**	**-**	**-**	**1,793.92**
Change in Indebtedness during the Financial Year				
Addition	1636.47	-	-	1636.47
Reduction	17.10	-	-	17.10
Net Change	1619.37	-	-	1619.37
Indebtedness at the end of the Financial year				
i) Principal Amount	3413.29	-	-	3413.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3413.29**	**-**	**-**	**3413.29**

VII. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director / Whole Time Director / Manager.

₹. in Lakhs

Sl. No.	Particulars of Remuneration	Mr.Arjun B.Kothari Managing Director
	Gross Salary	
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	49.49
2	Stock Options / Sweat Equity / Commission (as % of Profit & others) / Others, please specify.	-
	Total (A)	**49.49**

B. Remuneration to Other Directors

1. Independent Directors

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors			
		Mr.P.N.Devarajan	Mr.Pranab Kumar Rudra	Dr.R.K. Raghavan	Total
1	Sitting fee for attending Board and Committees Meetings	1,20,000	1,45,000	1,10,000	3,75,000
2	Commission / Others, please specify	-	-	-	-
				Total (B) (1)	**3,75,000**

2. Other Non Executive Directors

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of Directors	
		Mrs.Nina B. Kothari	Total
1	Sitting fee for attending Board and Committee Meetings	1,00,000	1,00,000
2	Commission / Others, please specify	-	-
		Total (B) (2)	**1,00,000**
		Total (B) = (B)(1)+ (B)(2)	**4,75,000**

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

₹. in Lakhs

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel (KMP)			
		Mr.A.Thanikainathan (*) Company Secretary & Compliance Officer	Mr.S.Sundaramurthy (**)Company Secretary & Compliance Officer	Mr.Cyrus Kallupurackal Chief Financial Officer	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.31	4.94	12.36	23.61
	(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)	**6.31**	**4.94**	**12.36**	**23.61**

(*) Mr. A.Thanikainathan appointed as Company Secretary and Compliance Officer w.e.f 08.11.2016

(**) Mr. S.Sundaramurthy resigned w.e.f 01.09.2016 as Company Secretary and Compliance Officer.

VIII. Penalties / Punishment / Compounding of Offences:

There were no Penalties / Punishment / Compounding of Offences for the Year ended March 31, 2017.

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, 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 and 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 Kothari Petrochemicals Limited, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons. The web-link on CSR policy: http://www.kotharipetrochemicals.com/sites/default/files/kpl-csr-policy.pdf

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

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

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

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

Sl. No.	Name of Directors	Designation
(i)	Mrs. Nina Bhadrashayam Kothari	Chairperson, (Non-Executive & Non-Independent)
(ii)	Mr. P.N. Devarajan	Member (Independent)
(iii)	Mr. Arjun B. Kothari	Member (Executive & Non-Independent)
(iv)	Dr. R.K.Raghavan	Member (Independent)

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

Sl. No.	For the Financial Year	Annual Net Profit
(i)	2015-16	1,699.27
(ii)	2014-15	1,716.02
(iii)	2013-14	1,198.80
	Total	**4,614.09**
	Average Annual Net Profit	**1,538.03**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**
   2% of Average Net Profit comes around Rs.30.76 Lakhs

5. **Details of CSR spent during the financial year.**
   (a) Total amount to be spent for the financial year : Rs.30.76 Lakhs
   (b) Amount unspent, if any: : Nil
   (c) Manner in which the amount spent during the financial year : Attached as per annexure in this report.

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

Place : Chennai
Date : May 29, 2017

Nina B. Kothari
Chairperson CSR Committee

Arjun B. Kothari
Managing Director

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

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount Spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or program 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency (*)
1	Spent towards completing construction of additional class room for School located at Kattur, Lalgudi, Trichy.	Promoting Education/ Literacy Enhancement	Location is Kattur Village, Lalgudi Taluk, Trichy District, Tamilnadu.	Rs.30.76 Lakhs	Direct Expenditure of Rs.30.76 Lakhs	Rs.30.76 Lakhs spent during the financial year 2016-17	An amount of Rs.30.76 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 involved in the activities of developing and improving the Education. They are also having the experience in constructing the School buldings.

Annexure - II

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration 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, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kothari Petrochemicals Limited** for the financial year ended March 31, 2017 according to the provisions of:
   - (i) The Companies Act, 1956 and The Companies Act, 2013 ("the Act") and the rules made thereunder, as applicable;
   - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
   - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
   - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
   - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
     - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
     - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
     - (c) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period, since there were no issues during the year which required specific compliance under:
   - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
3. I have examined compliance with the following other laws specifically applicable to the industry to which the Company is engaged in the business of:
   - (a) Indian Boilers Act, 1923;
   - (b) The Petroleum Act, 1934;
   - (c) The Environment (Protection) Act, 1986; and
   - (d) Indian Explosives Act, 1884.
4. I have also examined compliance with the applicable clauses of the following:
   - (i) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India, as approved by the Central Government and made applicable w.e.f. July 1, 2015.
   - (ii) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable, subject to the following observations:

OBSERVATIONS:

(a) As per the information and explanations provided by the Company, its officers, its authorised representatives during the conduct of Secretarial Audit, I report that the Company has not made any GDRs / ADRs or any Commercial Instrument during the Audit Period.

6. I have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Applicable Acts specific to the Industry, Laws and Regulations as may be applicable to the Company.

7. I further report that:

   (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

   (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

   (c) Decisions are carried through Majority, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

8. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

9. I further report that during the audit period, the Company had following events which having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc referred to above:

The Company has acquired the entire share capital of Kothari Petrochemicals HK Limited, (KPL HK) held by Kothari Petrochemicals Pte. Limited, (KPL SG) and thereby KPL HK has become the wholly owned subsidiary of the Company. Both the subsidiary companies viz., Kothari Petrochemicals Pte., Ltd and Kothari Petrochemicals HK Ltd are under the process of winding up and investments made in both the subsidiaries have been repatriated to India during the financial year ended March 31, 2017.

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

Place: Chennai
Date: May 23, 2017

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.

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

Place: Chennai
Date: May 23, 2017

Industry Structure & Development:

Global total installed capacity of conventional Poly Iso Butylene (PIB) still stands at 582000 TPA level and there is information that our competitor in Japan is planning to expand its conventional PIB capacity from 7KTA to 12 KTA by mid of 2019. The installed capacity of conventional PIB in India is 36000 TPA. However, the domestic demand is around 25,000 TPA which is 30% lower than the total installed capacity. Looking at the growth potential of HR PIB, which is more reactive version of PIB, some of the global players are expanding their HR PIB capacity and consumers using conventional PIB for making chemicals started exploring the usage of HR-PIB due to better yield of their final product.

Outlook:

Kothari Petrochemicals Limited (KPL) being the market leader in PIB in India during the year 2016-17. We are happy to note our market share has remained relatively unchanged despite some imports.

Raw material supply from other sources is being examined to reduce the burden.

Though the HR PIB is likely to be more preferable than conventional PIB in a particular segment, the other usages of conventional PIB are also being explored as well as new opportunities and markets. The Board of Directors feel confident that PIB market will remain strong and growth opportunities in line with expectations.

Opportunities:

Steps were taken to enhance supplies from Chennai Petroleum Corporation Limited (CPCL) by carring out a project at a cost of Rs.9.56 Crore to utilise the addtional feed available with refinery for the production of PIB. This has reduced our dependency to source the balance requirement of raw materials from other sources located far away from our plant. This would help to bring down the overall cost of production. In line with the growing demand for HR PIB in the future, your company has been taking steps to bring in the technology to make HR PIB.

Preventive maintenance has been given top most priority to keep the plant in good condition to maximize the productivity. We have minimized down time and improved efficiency.

A Co-gen plant with multi fuel bio based Boiler is under construction to reduce the steam cost and to ensure quality, continuous power supply at competitive cost.

All the above steps would in the near future result in overall improved performance.

Risks, Concerns & Threats:

The availability of raw materials continues to be a worry for the industry because the Raffinate finds a competing value addition for making other chemicals.

Sudden surge of impurities in the feed being supplied by the refinery is a big concern for which necessary facilities are being arranged in the plant to mitigate such type of situations.

The price of imported PIB continues to be competitive over the domestic product which is a threat.

The volatility in the value of Indian currency vis-à-vis US Dollars has a negative impact on your company's export sales realization and also makes the imports very attractive. However, KPL takes forward foreign exchange cover to hedge the fluctuations in its export realization.

Despite our repeated representation to local authorities, no concrete action has been taken by them to clear the huts which have been 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 and which may flooding the plant during heavy rains.

Internal Control Systems and their adequacy

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

Management Discussion and Analysis

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

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

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

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

Total number of employees as on 31st March 2017 was 131 in respect of petrochemical operations.

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

Place: Chennai
Date: May 29, 2017

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

BOARD OF DIRECTORS

a) Composition

The Board consists of Five Directors as on the date of this Report. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition of the Board and Directorship held as on 31st March 2017:

Name of the Director	Director Category	No.of Meetings		Attendance at previous AGM held on August 04, 2016	Number of Directorships in other companies	Number of Committee Memberships in other companies	
		Held	Attended			Chairman	Member
Mrs.Nina B.Kothari	Non - Executive	4	4	Yes	14	-	1
Mr.Arjun B. Kothari	Executive	4	4	Yes	15	1	1
Mr.P.N.Devarajan	Independent	4	3	LOA	12	-	-
Mr.Pranab Kumar Rudra	Independent	4	4	Yes	1	-	-
Dr.R.K.Raghavan	Independent	4	3	Yes	-	-	-

Notes:

(i) Other directorships also include Private Limited Companies.

(ii) Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for Committee Memberships.

(iii) The Board of Directors of the Company had met within a maximum time gap of one hundred and twenty days.

(iv) Mr. Arjun B Kothari, Managing Director of the Company is the son of Mrs. Nina B Kothari, Chairperson of the Company.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Audit Committee comprises of the following Directors and attendance of each Director for the year ended 31st March 2017 is as follows:

Sl. No.	Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr.P.N.Devarajan	Chairman	04	03
(ii)	Mr.Pranab Kumar Rudra	Member	04	04
(iii)	Dr.R.K.Raghavan	Member	04	03

Due to unavoidable reason, the Chairman of the Audit Committee was not present at the previous Annual General Meeting of the company held on 04th August 2016. The Audit Committee met four times during the year on 30th May 2016, 04th August 2016, 08th November 2016 & 13th February 2017.

The Audit Committee acts as a link between the Board of Directors and the Statutory and Internal Auditors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The role and terms of reference of the Audit Committee are governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March 2017 the Audit Committee comprised of three Independent Directors, all of whom are financially literate and have relevant finance / audit exposure. The Managing Director, Chief Financial Officer and President are permanent invitees to the meetings of the committee. The Statutory Auditors and Internal Auditors were present at all 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. Mr.P.N.Devarajan, is the Chairman of the Committee. Mr.Pranab Kumar Rudra and Mrs.Nina B. Kothari are the other members. The Company Secretary is the secretary to the Committee. The Chairman of Nomination and Remuneration Committee was not present at the Annual General Meeting of the Company held on 04th Aug 2016 due to unavoidable reason. The Committee met two times during the year on 30th May 2016 & Nov 08th 2016.

The Details are as follows:

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

Remuneration Policy

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

The Nomination and Remuneration (N&R) Committee has adopted a Charter which deals with the manner of selection of Board of Directors and Managing Director / KMPs and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

a) The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

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

   (i) Qualification, expertise and experience of the Directors in their respective fields;

   (ii) Personal, Professional or business standing;

   (iii) Diversity of the Board.

c) In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his 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 as detailed hereunder:

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

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

Managing Director - Criteria for selection / appointment / remuneration

For the purpose of selection of the Managing Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration, recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.

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

The remuneration of the Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus by way of Commission.

Remuneration Policy for the Senior Management Employees

I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:

   (i) the relationship between remuneration and performance benchmark is clear;

   (ii) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

Criteria for Performance evaluation framed by N & R Committee

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

The Committee met 12 times during the year 2016-17. No sitting fee is paid for attending the meeting of the Committee.

Sl. No.	Names of the Directors	Designation	No. of Meetings held	No. of Meetings attended
(i)	Mr. P.N. Devarajan	Chairman	12	12
(ii)	Mr. Arjun B. Kothari	Member	12	12
(iii)	Mrs. Nina B. Kothari	Member	12	11
(iv)	Dr. R.K. Raghavan	Member	12	09

The Chairman of the Stakeholders Relationship Committee was not present at the Annual General Meeting of the Company held on 04th August, 2016 due to unavoidable reason.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the members of 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 2016 - 2017

Sl. No.	Subject of Complaints from Members / Regulators	Total Complaints received	Complaints redressed	Redress under process at the year end
(i) (ii)	Non receipt of Dividend Non receipt of annual reports	16 01	16 01	- -
	Total	**17**	**17**	**-**
(i)	Securities Exchange Board of India (SEBI)	01	01	-
	Total	**01**	**01**	**-**

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.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Corporate Social Responsibility Committee met one time during the financial year 2016-17 on August 04, 2016.

The composition of and attendance at the Committee are as follows:

Sl. No.	Name of Directors	Designation	No. of Meetings	Directors Attendance
(a)	Mrs. Nina B Kothari	Chairperson (Non Executive & Non Independent)	1	1
(b)	Mr. Arjun B Kothari	Member (Executive & Non-Independent)	1	1
(c)	Mr. P.N.Devarajan	Member (Independent Director)	1	LOA
(d)	Dr. R.K.Raghavan	Member (Independent Director)	1	1

The further details have been provided in the Directors' Report and the Corporate Social Responsibility policy which is posted on the Company's website www.kotharipetrochemcials.com

Investment and Credit Approval Committee - Non Mandatory Committee

The Investment and Credit Approval Committee formed for the purpose of investing the funds of the company, power to borrow and power to make loans.

Pursuant to section 179 of the Companies Act, 2013, the Board delegates its power to borrow monies, power to invest the funds of the company and the power to make loans to the Investment and Credit approval Committee within the total sanction limit approved by the Members of the Company from time to time. The investment and Credit Approval Committee met 03 times during the year. No sitting fee is paid for attending the meetings of the Committee.

The Committee comprises of the following Directors:

Sl. No.	Name	Members
(i)	Mr.Arjun B. Kothari	Chairman (Executive & Non-Independent)
(ii)	Mrs.Nina B. Kothari	Member (Non-Executive & Non-Independent)
(iii)	Mr.P.N.Devarajan	Member (Independent)
(iv)	Dr.R.K.Raghavan	Member (Independent)

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure RequirementsRegulations, 2015, the Board has carried out the annual performance evaluation of its own performance, theDirectors individually as well as the evaluation of the working of its Committees.

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met on February 13, 2017, inter alia to

- Review the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Review the Performance of the Chairperson of the Company, taking into account the views of the Executive and Non Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting without the presence of Non-Independent Directors and members of the Management.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

REMUNERATION PAID TO DIRECTORS

During 2016-17 remuneration was paid Executive Director. The Non-Executive Directors do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the Committees.

a) Details of Remuneration paid to the all the Directors during the financial year 2016-2017

Except Mr.Arjun B. Kothari, Managing Director, Company does not pay any remuneration to Non executive directors during 2016-17 except sitting fees.

₹ in Lakhs

PARTICULARS	Mr.Arjun B.Kothari, Managing Director
Salary & Perquisites	49.49
Commission / Stock Option / Pension / Sitting Fees	-
Total	**49.49**

b) Details of Sitting Fees paid during the financial year 2016-2017

(Amount in ₹)

Name of the Directors	Sitting fees paid					
	Board Meeting	Audit Committee	CSR Committee	Nomination and Remuneration Committee	Independent Directors Meeting	Total
Mrs.Nina B. Kothari	70,000	N.A	10,000	20,000	N.A	**1,00,000**
Mr.P.N.Devarajan	55,000	35,000	LOA	20,000	10,000	**1,20,000**
Mr.Pranab Kumar Rudra	70,000	45,000	N.A	20,000	10,000	**1,45,000**
Dr.R.K.Raghavan	55,000	35,000	10,000	N.A	10,000	**1,10,000**
Total	**2,50,000**	**1,15,000**	**20,000**	**60,000**	**30,000**	**4,75,000**

There was no pecuniary relationship or transactions concerning the non-executive director's vis-à-vis the company during the Financial Year ended 31st March, 2017.

c) Details of shareholding of Directors as on 31st March 2017

As on 31st March 2017, Mr.Arjun B.Kothari, Managing Director does not hold any shares in the Company and Mrs. Nina B. Kothari, Non-Executive Director holds 2,97,500 equity shares in the company. The other Non-Executive Independent Directors do not hold any shares in the company.

ANNUAL GENERAL MEETINGS

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

Year / Date / Day / Time	Venue
2015-2016 August 04, 2016, Thursday, 10.30 A.M	The Music Academy, (Mini Hall) Old No.306, New No. 168, T.T.K. Road, Chennai - 600 014.
2014-2015 August 10, 2015, Monday, 10.15 A.M	
2013-2014 September 02, 2014, Tuesday, 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 04, 2016	No	-
Aug 10, 2015	Yes	Appointment of Mr.Arjun B.Kothari as Managing Director and Whole Time Key Managerial Person.
Sep 02, 2014	Yes	(i) Consent under Section 180(1) (c) of the Companies Act, 2013 for borrowings (ii) Consent under Section 180(1) (a) of the Companies Act, 2013 to create charges, mortgages etc., (iii) Remuneration to Mr.B.H.Kothari, Managing Director

No Special Resolutions were required to be passed by the shareholders of the Company through postal Ballot during the year 2016-2017.

SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz., M/s.Kothari Petrochemicals Pte. Ltd., Singapore (KPL SG) and M/s. Kothari Petrochemicals HK Ltd., Hong Kong (KPL HK) have been duly reviewed by the Audit Committee and the Board of the company. The Board minutes of the unlisted foreign subsidiary companies were placed before the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies, if any.

The Company has also formulated a policy for determining what a Material Subsidiary is and the details of such policy is disseminated in the website of the Company (www.kotharipetrochemicals.com).

During the period under review, your Company has acquired the entire share capital of KPL HK held by KPL SG and thereby KPL HK has become the wholly owned subsidiary of your Company. Both the subsidiary companies have filed application for winding up / de-registration in their respective host countries and the companies are under the process of winding up. Investments made in both the subsidiaries were repatriated to India during the period under review. Your Company have informed the Stock Exchange on the winding up / de-registration application filed by the subsidiary companies.

RISK ASSESSMENT AND MINIMIZATION PROCEDURES

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

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

DISCLOSURES

RELATED PARTY TRANSACTIONS:

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

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company. Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed in the notes to accounts annexed to the financial statements. Further the Company has not entered into any transaction of a material nature with the Promoters, Directors their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

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

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

COMPLIANCES:

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

MEANS OF COMMUNICATION

a) The Audited and Unaudited Quarterly Financial Results and 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company ensures periodical updation 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 and report on Corporate Governance, etc., are filed in NEAPS within the time frame prescribed in this regard.

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

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.kotharipetrochemicals.com. 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 2016-2017.

GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting:-

Annual General Meeting will be held on Thursday, 7th September 2017 at 10.30 A.M. at The Music Academy, (Mini Hall), Old No. 306, New No.168, T.T.K. Road, Chennai - 600 014.

b) Financial Calendar of the Company

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

Results for Quarter ending 30th June, 2017	First fortnight of September, 2017
Results for Quarter ending 30th September, 2017	First fortnight of December, 2017
Results for Quarter ending 31st December, 2017	First fortnight of February, 2018
Results for Quarter ending 31st March, 2018	Last Week of May, 2018

c) Date of Book Closure

The period of Book Closure is fixed from Friday, 01st September 2017 to Thursday, 07th September 2017 (both days inclusive).

d) Management Discussion and Analysis Report

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

e) Dividend Payment

The Board of Directors of the Company at its meeting held on 13th February, 2017, declared an Interim Dividend at the rate of 2.5% i.e., Re.0.25 (Rupee Twenty Five Paise only) per equity shares of Rs. 10/- each for the Financial Year 2016-17 to the shareholders of the Company. Accordingly, the Interim Dividend for the Financial Year 2016-17 has been paid on 24th February 2017 to the Shareholders whose names appeared in the Register of Members as on 22nd February 2017.

The Board of Directors of the Company at their meeting held on 29th May 2017, recommended the final dividend at the rate of 2.5% i.e., Re.0.25 (Rupee Twenty Five paise only) per equity shares of Rs.10/- each for the Financial Year 2016-17 to the shareholders of the Company.

The Final Dividend together with Interim Dividend of Re.0.25 paise per equity shares (2.5%) declared at the Board Meeting held on 13th February, 2017 would result in a total dividend of 5% i.e., Re.0.50 paise per equity shares of face value of Rs.10/- each for the financial year 2016-2017.

f) Listing of Shares

The shares of the Company are listed in The National Stock Exchange of India Limited (NSE), Mumbai and the Listing Fees for the Financial Year 2017 - 18 has been paid. (Stock Code: KOTHARIPET), ISIN: INE720A01015.

g) Details of the outstanding ADRs / GDRs / Warrants Or Convertible Instruments: Nil

h) Stock Market Data

(Amount in ₹)

Month	High	Low	Volume of shares traded	Month	High	Low	Volume of shares traded
Apr 2016	22.00	18.05	4,05,866	Oct 2016	28.70	20.50	13,39,888
May 2016	23.00	19.20	3,92,665	Nov 2016	27.00	19.50	10,27,639
Jun 2016	21.95	19.35	7,26,824	Dec 2016	23.25	20.00	2,43,839
Jul 2016	23.90	19.65	6,75,126	Jan 2017	27.40	20.30	13,24,174
Aug 2016	22.90	19.75	4,99,710	Feb 2017	24.00	21.20	3,76,643
Sep 2016	25.25	18.45	7,37,519	Mar 2017	23.90	21.05	5,89,796

i) Distribution of Shareholding as on 31st March 2017

Rs. of Equity shares held	No. of Shareholders	Amount of Shares
Upto 5,000	8,310	2,15,61,710
5,001-10,000	1,702	1,52,44,850
10,001-20,000	610	1,00,37,780
20,001-30,000	248	64,95,780
30,001-40,000	131	48,12,640
40,001-50,000	141	67,83,540
50,001-1,00,000	161	1,20,52,760
1,00,001 and above	139	51,14,74,940
Total	**11,442**	**58,84,64,000**

j) Registrar and Share Transfer Agents

M/s.Cameo Corporate Services Limited, having its registered office at Subramanian Building, 05th Floor No.1, Club House Road, Chennai - 600 002 are the Registrars for the Demat segment and also the Share Transfer Agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment are handled by the share transfer agent. Share transfers are processed within 15 days of lodgement.

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

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

The unclaimed dividend as on March 31, 2017 is as follows:

SL. No.	Financial Year	Unpaid / Unclaimed Dividend as on 31.03.2017	Date of Declaration	Due Date for transferring to IEPF
(i)	2010-11	6,49,494.00	11.05.2011	16.06.2018
(ii)	2011-12	6,72,257.00	20.09.2012	25.10.2019
(iii)	2012-13	9,72,942.00	05.09.2013	10.10.2020
(iv)	2013-14	12,66,232.00	02.09.2014	07.10.2021
(v)	2014-15	15,09,831.00	10.08.2015	15.09.2022
(vi)	2015-16	13,59,249.00	19.03.2016	24.04.2023
(vii)	2016-17	4,63,688.25	13.02.2017	21.03.2024

l) COMPLIANCE WITH MANDATORY / NON-MANDATORY REQUIREMENTS

The Company has complied with all applicable mandatory requirements in terms of Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

m) Reconciliation of Share Capital Audit

A 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 2017 the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 5,65,75,010 equity shares representing 96.14% of the paid up equity capital have been dematerialized as on 31st March 2017.

n) Information to Shareholders

A brief resume of the Director reappointed together with the nature of her experience and details of the other directorships held by her is annexed to the Notice convening the Annual General Meeting.

o) 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

p) Address for Correspondence

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

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, 2017.

for **Kothari Petrochemicals Limited**

Place: Chennai
Date : May 29, 2017

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 Cyrus Kallupurackal, 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, 2017 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee

   (i) significant changes, if any, in internal control over financial reporting during the year

   (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

Place: Chennai Date : May 29, 2017	**Arjun B. Kothari** Managing Director	**Cyrus Kallupurackal** Chief Financial Officer

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Kothari Petrochemicals Limited

We have examined the compliance of conditions of Corporate Governance by Kothari Petrochemicals Limited, for the year ended March 31, 2017 as stipulated under SEBI (Listing Obligations and Disclosure Requirments) Regulations, 2015 of the said company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirments) Regulations, 2015.

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

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

V.Vasumathy
Practising Company Secretary
FCS No.5424 / CP No. 9451

Place: Chennai
Date: May 23, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Kothari Petrochemicals Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Kothari Petrochemicals Limited (the Company) which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the 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 internal financial control, 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.

AUDITOR'S RESPONSIBILITY

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in the 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the Directors as on 31 March 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017 from being appointed as a Director in terms of Section 164(2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

(i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No.28 of the financial statements;

(ii) the Company did not have any long-term contracts, including derivative contracts; and

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) the Company has provided requisite disclosures in the financial\statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 41

For R.Subramanian and Company LLP
Chartered Accountants
FRN:004137S/S200041

Place : Chennai
Date : May 29, 2017

N. Krishnamurthy
Partner
M. No: 019339

Annexure "A" to the Independent Auditors' Report of even date on the Financial Statements of Kothari Petrochemicals Limited

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

(i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

b) These fixed assets have been physically verified by the Management at reasonable intervals and 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) The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has complied with the provisions of Sections 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.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained. We are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.

(vii) According to the information and explanations given to us in respect of Statutory dues:

a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

b) Details of dues of Duty of Excise, which have not been deposited as on 31st March 2017 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount ₹ in lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	129.31	Joint Asst Comm. Central Excise	2004-05 to 2010-11
Central Excise Act, 1944	Excise Duty	25.41	CESTAT	2007-08

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders. The term loans availed from the Banks have utilized for the purpose for which it was raised.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.

(xi) The managerial remuneration has been paid or provided 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 complying with the provisions of the Nidhi Rules, 2014 does not arise.

(xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.Subramanian and Company LLP
Chartered Accountants
FRN:004137S/S200041

Place : Chennai
Date : May 29, 2017

N. Krishnamurthy
Partner
M.No: 019339

Annexure - "B "to the Auditors' Report of even date on the Standalone Financial Statement of Kothari Petrochemicals Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kothari Petrochemicals Limited as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process 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 control over financial reporting includes those policies and procedures that:

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

2) 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 authorizations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 R.Subramanian and Company LLP
Chartered Accountants
FRN:004137S/S200041

Place : Chennai
Date : May 29, 2017

N. Krishnamurthy
Partner
M.No: 019339

Kothari PETROCHEMICALS

BALANCE SHEET AS AT MARCH 31, 2017

₹ in Lakhs

	Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	2	5,918.68	5,918.68
	(b) Reserves and surplus	3	1,171.26	750.76
			7,089.94	**6,669.44**
2	**Non-current liabilities**			
	(a) Long-term borrowings	4	912.83	-
	(b) Deferred tax liabilities (Net)	5	619.62	453.59
	(c) Other long term liabilities	6	68.90	45.08
			1,601.35	**498.67**
3	**Current liabilities**			
	(a) Short-term borrowings	7	2,478.76	1,793.92
	(b) Trade payables	8	1,590.61	1,494.48
	(c) Other current liabilities	9	484.65	533.92
	(d) Short-term provisions	10	26.70	35.64
			4,580.72	**3,857.96**
	Total		**13,272.01**	**11,026.07**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Property,Plant & Equipment	11		
	(i) Tangible		6,268.28	5,259.41
	(ii) Intangible		0.08	0.11
	(iii) Capital work-in-progress		631.11	195.02
			6,899.47	**5,454.54**
	(b) Non-current investments	12	-	613.83
			-	**613.83**
	(c) Long-term loans and advances	13	**237.64**	**123.65**
			237.64	**123.65**
2	**Current assets**			
	(a) Inventories	14	1,061.33	939.00
	(b) Trade receivables	15	1,953.08	1,637.06
	(c) Cash and Bank balances	16	2,366.82	1,644.10
	(d) Short-term loans and advances	17	753.67	613.89
			6,134.90	**4,834.05**
	Total		**13,272.01**	**11,026.07**
	Significant accounting policies & notes to accounts forming part of financial statements	**1-43**		

For and on behalf of the Board

As per our Report of even date

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

Arjun B. Kothari
Managing Director

P.N. Devarajan
Director

N.Krishnamurthy
Partner

Place: Chennai
Date : May 29, 2017

A. Thanikainathan
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in Lakhs

	Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I.	**Revenue**			
	Revenue from operations(Gross)	18	24,394.80	23,279.18
	Less: Excise duty		2,446.75	1,920.44
	Revenue from operations(Net)		**21,948.05**	**21,358.74**
II.	Other income	19	257.88	293.75
III.	**Total Revenue (I + II)**		**22,205.93**	**21,652.49**
IV.	**Expenses:**			
	Cost of materials consumed	20	15,938.60	15,302.39
	Changes in inventories of finished goods	21	(3.89)	56.66
	Other direct manufacturing expenses	22	1,707.59	1,434.64
	Employee benefits expense	23	1,152.35	1,010.58
	Finance costs	24	150.21	107.72
	Depreciation and amortization expenses	11	310.37	273.67
	Other expenses	25	1,953.35	2,041.70
	Total expenses		**21,208.58**	**20,227.36**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		997.35	1,425.13
VI.	Exceptional items		-	-
VII	**Profit before tax (V-VI)**		997.35	1,425.13
VIII	**Tax expense:**			
	a. Current Tax		203.34	449.53
	b. Tax in respect of earlier years (net)		44.18	
	c. Deferred Tax		166.03	57.15
	Total Tax Expenses		**413.55**	**506.68**
IX	**Profit (Loss) for the year (VII - VIII)**		**583.80**	**918.45**
X	**Earnings per equity share:**			
	(a) Basic (Rs.per Share)		0.99	1.56
	(b) Diluted(Rs.Per Share)		0.99	1.56
	Significant accounting policies & notes to accounts forming part of financial statements	**1-43**		

For and on behalf of the Board

As per our Report of even date

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

Arjun B. Kothari
Managing Director

P.N. Devarajan
Director

N.Krishnamurthy
Partner

Place: Chennai
Date : May 29, 2017

A. Thanikainathan
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

Kothari PETROCHEMICALS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in Lakhs

	Particulars	31.03.2017		31.03.2016	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit / (Loss) after extra-ordinary items		997.35		1,425.13
	Adjustments for :				
	Depreciation and Amortisation expenses	310.37		273.67	
	Rental income	(69.38)		(159.57)	
	Interest income	(14.32)		(18.18)	
	Dividend income	-		(10.27)	
	Finance costs	127.18		85.76	
	Loss/(profit) on sale of assets	(2.94)		1.57	
	Net gain on sale of current investments	-		(12.66)	
	Exchange fluctuation gain (Net)	(51.80)		(73.57)	
			299.11		86.75
	Operating Profit before working capital changes		1,296.46		1,511.88
	Changes in working capital				
	Adjustments for (increase) / decrease in operating assets				
	Inventories	(122.33)		39.72	
	Trade receivables	(316.04)		748.51	
	Exchange fluctuation gain (Net)	11.80		73.57	
	Short-term loans and advances	(175.59)		251.72	
	Long-term loans and advances	(113.99)		(11.53)	
	Adjustments for increase / (decrease) in operating liabilities				
	Trade payables	96.13		176.42	
	Other current liabilities	(49.27)		50.96	
	Other long term liabilities	23.82		(36.54)	
	Short-term provisions	(8.94)		(797.09)	
	Increase / decrease other payable		(654.41)		495.74
	Less: Taxes paid		211.71		426.47
	Net cash generation from operating activities - A		430.34		1,581.15
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on fixed assets		(1,752.35)		(349.41)
	Redemption of investment		613.83		580.77
	Exchange gain on repatriation of investments in foreign subsidiary		40.00		
	Rental income		69.38		159.57
	Interest income		14.32		18.18
	Dividend income		-		10.27
	Net gain on sale of current investments		-		12.66
	Net cash from investing activities - B		(1,014.82)		432.04
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Long-term borrowings		912.83		-
	Short-term borrowings		684.84		(478.63)
	Finance costs		(127.18)		(85.76)
	Dividend paid		(163.29)		(708.26)
	Net cash from financing activities - C		1,307.20		(1,272.65)
D.	**Net increase / (decrease) in cash and cash equivalents - A+B+C**		**722.72**		**740.54**
E.	**Cash and cash equivalents at the beginning of the year**		**1,644.10**		**903.56**
F.	**Cash and cash equivalents at the close of the year (refer note-16)**		**2,366.82**		**1,644.10**

For and on behalf of the Board

As per our Report of even date

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

Arjun B. Kothari
Managing Director

P.N. Devarajan
Director

N.Krishnamurthy
Partner

Place : Chennai
Date : May 29, 2017

A. Thanikainathan
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 1:

A. CORPORATE INFORMATION

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

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements of M/s. Kothari Petrochemicals Limited "the Company" have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the Act 1956"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. USE OF ESTIMATES

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

3. PROPERTY, PLANT AND EQUIPMENTS AND DEPRECIATION

a. Property, Plant and Equipments(PPE) are recorded at cost and cost includes appropriate direct and allocated expenses including interest on specified borrowings for acquisition of PPE up to the date of commencement of commercial production. Technical know-how fees in respect of specific turnkey projects are capitalized.

b. Depreciation on PPE acquired after 01st April 2014 are provided under straight line method based on the useful life of the PPE and in accordance with Schedule II to the Companies Act, 2013 and reckoning the maximum residual value @ 5% of the original cost of PPE. PPE acquired prior to 01st April 2014, the carrying amount as on 01st April 2014 is depreciated over the remaining useful life of PPE. In respect of PPE costing up to Rs.5,000/- the company has fully depreciated considering the materiality aspect in the year of acquisition.

4. IMPAIRMENT OF ASSETS

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

5. RESEARCH AND DEVELOPMENT

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

6. INVENTORIES

a. Raw materials and chemicals, fuel and stores and spares are valued at weighted average cost. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition

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

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

7. REVENUE AND EXPENDITURE RECOGNITION

a. Sale of finished goods is recognized upon despatch of goods. Sales are accounted net of Excise duty, returns, sales tax and freight.

b. Interest income is recognized using time proportion method.

c. Dividend Income is accounted when the right to receive is established.

8. FOREIGN EXCHANGE TRANSACTION

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

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

9. INVESTMENTS

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

10. EMPLOYEE BENEFITS

Defined Contribution Plans

The company makes provident fund and superannuation contributions to defined contribution retirement benefit plans for qualifying employees. Under the Provident Fund scheme, the Company is required to contribute a specified percentage of payroll cost to the Employees' Provident Fund Scheme,1952 to fund the benefits. The interest as declared by the Government from time to time accrues to the credit of the employees under the scheme. Under the superannuation scheme, the company is required to contribute a specified percentage of payroll cost to underwriters to enable them to make the settlement to the qualifying employees.

Defined benefit plans

The company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme with the underwriters, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Liability for un availed leave for a section of the workmen for whom it is considered as a long term benefit is actuarially valued and provided for but is not funded. Liability for un availed leave for other employees considered as short term benefits and provided accordingly in the books of accounts.

11. TAXATION

a. Current tax is determined on the profit for the year in accordance with the provisions of the Income tax Act, 1961.

b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

12. SEGMENT REPORTING

a. The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

b. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment.

13. PROVISIONS, CONTINGENT LIABLITIES AND CONTINGENT ASSETS

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

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

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

14. LEASE

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

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

15. BORROWING COST

Borrowing cost directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use, are capitalised as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing cost are recognised in the Statement of Profit or loss in the period they occur. Borrowing cost consists of interest and other costs incurred in connection with borrowing of funds.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 2:

I	Share Capital	As at 31st March, 2017		As at 31st March, 2016	
		Number	Rs.in Lakhs	Number	Rs.in Lakhs
a	**Authorised:**				
	Preference Share Capital				
	Redeemable Preference shares of Rs.100/- each	6,00,000	600.00	6,00,000	600.00
	Equity Share Capital				
	Equity Shares of Rs.10/- each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	Issued				
b	Equity Shares of Rs.10/- each	5,96,40,700	5,964.07	5,96,40,700	5,964.07
	Subscribed and Paid Up				
c	Equity Shares of Rs.10/- each Fully Paid up	5,88,46,400	5,884.64	5,88,46,400	5,884.64
	Subscribed and Partly Paid Up and hence				
d	**Forfieted**	-	34.04	-	34.04
	Total (c + d)	**5,88,46,400**	**5,918.68**	**5,88,46,400**	**5,918.68**

II Reconciliation of Number of Shares

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Equity Shares	**Number**	**Value (Rs.in Lakhs)**	**Number**	**Value (Rs.in Lakhs)**
Share holding at the beginning of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68
Share holding at the end of the year	5,88,46,400	5,918.68	5,88,46,400	5,918.68

III List of shareholders holding more than 5% of the total No. of shares issued by the company.

Sl. No.	Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
(a)	BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%
(b)	Kothari Sugars & Chemicals Ltd.	1,20,19,000	20.42%	1,20,19,000	20.42%

IV Shares held by Holding Entity

Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
BHK Trading LLP (Formerly BHK Trading Pvt. Ltd.)	2,94,45,812	50.04%	2,94,45,812	50.04%

Note: The Company has issued only one class of Equity Shares having par value of Rs.10/- each. Each holder of Equity Share is entitled to one vote per share.

₹ in Lakhs

Particulars	As at 31-Mar-17	As at 31-Mar-16
Note 3:		
Reserves & Surplus		
a. Capital Reserves		
Opening balance	0.40	0.40
Closing balance **(a)**	**0.40**	**0.40**
b. Surplus in Statement of Profit and Loss		
Opening balance	750.36	540.17
Add: Net profit for the year	583.80	918.45
Less: Dividend	147.12	588.46
Less: Tax on dividend	16.18	119.80
Closing balance (b)	**1,170.86**	**750.36**
Total (a+b)	**1,171.26**	**750.76**
Note 4:		
Long Term Borrowings		
Term Loan from Bank	912.83	-
Secured	912.83	-
Unsecured	-	-
Current maturities of long term debt grouped under "Other Current Liabilities"-(Refer Note 9) **Total**	**912.83**	**-**
a) Term Loan from HDFC Bank Rs.841.83 lacs (sanctioned amount Rs.1,500 lacs). Secured by exclusive charge on assets(movable) being funded. Rate of interest 9.25% p.a. Principlere payable in 12 qtrly instalments.		
b) Car Loan from HDFC Bank Rs.92.70 lacs(sanctioned amount Rs.109.80 lacs-hypothecation of car) of which Rs.70.99 lacs is classified as Long Term Borrowings and Rs.21.71 lacs under current maturity. Rate of interest 9.35%. Loan repayable in 60 monthly instalments.		
Note 5:		
Deferred Tax Liability (Net)		
Deferred Tax Liability		
-Depreciation on fixed assets	620.34	455.00
Deferred Tax Asset		
- Provision for employee benefits,etc	0.72	1.41
Deferred Tax Liability (Net) Total	**619.62**	**453.59**
Note 6:		
Other Long Term Liabilities		
Deposits	48.76	26.02
Other payables	20.14	19.06
Total	**68.90**	**45.08**
Note 7:		
Short Term Borrowings		
(a) Loans repayable on demand from Banks - Secured		
i) Cash credit - Indian Bank	2,478.76	1,793.92
The facilities are secured by first charge on hypothecation of stocks and book debts		
Total	**2,478.76**	**1,793.92**
Note 8:		
Trade payables		
Trade payables	1,590.61	1,494.48
Total	**1,590.61**	**1,494.48**

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-17	As at 31-Mar-16
Note 9:		
Other Current Liabilities		
(a) Unpaid dividends	64.30	222.47
(b) Other payables		
Current maturities of long term debts	21.71	-
Statutory liabilities	77.56	94.22
Advance from customers	195.55	152.85
Employee benefits-Funded	29.51	2.26
Others	96.02	62.12
Total	**484.65**	**533.92**
Note 10:		
Short Term Provisions		
Provision for employee benefits	26.70	29.78
Provision for taxation(Net of advance tax/TDS)	-	5.86
Total	**26.70**	**35.64**
Note 12:		
Non current investment		
Investment in Foreign Subsidiary		
Kothari Petrochemicals Pte Ltd, Singapore 1,00,000 shares of USD 10 each fully paid up (unquoted, at cost)	-	613.83
Total	**-**	**613.83**
Note 13:		
Long Term Loans and Advances		
(a) Advance-Capital expenditure (considered good)	237.64	92.85
(b) Advance recoverable in cash or in kind or value to be received	-	30.80
Total	**237.64**	**123.65**
Note 14:		
Inventories		
(a) Raw materials and components	536.79	368.98
(b) Raw materials in transit	287.00	285.77
(c) Finished goods	64.42	53.37
(d) Stores and spares	168.33	228.30
(e) Packing material	4.79	2.58
For Mode of Valuation, refer Note-1 - B - (6) **Total**	**1,061.33**	**939.00**
Note 15:		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	1,952.74	1,636.54
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	0.34	0.52
Total	**1,953.08**	**1,637.06**

Note 11:

Property, Plant and Equipment ₹ in Lakhs

	Particulars	Gross Block				Depreciation				Net Block	
		As on 01.04.2016	Additions	Deletions (Diposal)	As on 31.03.2017	As on 01.04.2016	Depreciation charge for the year	Deductions on Disposals	As on 31.03.2017	As on 31.03.2017	As on 31.03.2016
a	**Tangible Assets**										
	Land	278.47	-	-	278.47	-	-	-	-	278.47	278.47
	Undivided share of land	217.41	-	-	217.41	-	-	-	-	217.41	217.41
	Buildings	1,471.81	-	-	1,471.81	426.37	111.53		537.90	933.91	1,045.44
	Buildings given on lease	1,503.20	-	-	1,503.20	98.14	23.78		121.92	1,381.28	1,405.06
	Plant & Machinery	3,257.38	1,092.14	-	4,349.52	1,026.51	136.56		1,163.07	3,186.45	2,230.87
	Furniture & Fittings	43.62	9.75	-	53.37	16.12	4.01		20.13	33.24	27.50
	Vehicles	48.00	144.90	17.14	175.76	32.35	13.79	16.28	29.86	145.90	15.65
	Office Equipment	47.47	23.83	-	71.30	25.52	5.48		31.00	40.30	21.95
	Computers	54.61	49.44	-	104.05	37.55	15.18		52.73	51.32	17.06
	Total - a	**6,921.97**	**1,320.06**	**17.14**	**8,224.89**	**1,662.56**	**310.33**	**16.28**	**1,956.61**	**6,268.28**	**5,259.41**
b	**Intangible Assets**										
	Intangible Assets-Software	0.17	-	-	0.17	0.06	0.03	-	0.09	0.08	0.11
	Total - b	**0.17**	**-**	**-**	**0.17**	**0.06**	**0.03**	**-**	**0.09**	**0.08**	**0.11**
	Total (a+b)	**6,922.14**	**1,320.06**	**17.14**	**8,225.06**	**1,662.62**	**310.36**	**16.28**	**1,956.70**	**6,268.36**	**5,259.52**
	Previous year	**6,593.26**	**354.89**	**26.01**	**6,922.14**	**1,406.71**	**273.67**	**17.77**	**1,662.61**	**5,259.53**	**5,186.55**

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-17	As at 31-Mar-16
Note 16:		
Cash and Bank Balances		
i Cash and cash equivalents		
a. Cash on hand	1.23	1.51
b. Balances with banks		
(i) Current accounts	2,238.25	1,361.40
Total	**2,239.48**	**1,362.91**
ii Other Bank Balances		
a. Unpaid dividend accounts	64.30	222.47
b. Balances with bank to the extent held as margin money	63.04	58.72
	127.34	**281.19**
Total	**2,366.82**	**1,644.10**
Note 17:		
Short-Term Loans and Advances		
Unsecured, considered good		
(a) Employee Advance	5.93	5.71
(b) Deposits	259.55	193.52
(c) Prepaid expenses	32.75	18.76
(d) Balance with statutory authorities	54.40	63.05
- With Customs & Central Excise authorities		
(e) Advance to suppliers	361.94	283.55
(f) Other advance-recoverable in cash or in kind or value to be received	39.10	49.30
Total	**753.67**	**613.89**
Note 18:		
Revenue from Operations		
(a) Sale of Products		
Poly Iso Butylene`	18,597.22	17,885.05
C4 Raffinate (LPG)	5,103.10	4,455.41
Light Polymer	594.84	683.96
Others	60.82	95.82
(b) Other Operating Revenues		
Sale of scrap	16.01	2.33
Duty drawback on exports	22.32	86.51
Tolling income	-	70.05
Miscellaneous income	0.49	0.05
Less:Excise duty	2,446.75	1,920.44
Total	**21,948.05**	**21,358.74**
Note 19:		
Other income		
Rental income	69.38	159.57
Interest income	14.32	18.18
Dividend income	-	10.27
Dividend income from Subsidiary	87.21	-
Net gain on sale of current investments	-	12.66
Insurance claim	32.27	18.38
Provision on dimunition of investment written back	-	1.12
Exchange fluctuation gain/loss	51.80	73.57
Gain on sale of assets	2.90	-
Total	**257.88**	**293.75**

Kothari PETROCHEMICALS

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	As at 31-Mar-17	As at 31-Mar-16
Note 20:		
Cost of Materials Consumed		
C4 Feed	15,830.36	15,200.23
Chemicals - others	108.24	102.16
Total	**15,938.60**	**15,302.39**
Note 21:		
Changes in Inventories of Finished Goods		
Opening stock	53.37	117.10
Closing stock	64.42	53.37
Net change	**(11.05)**	**63.73**
Add:Excise duty adjustment for movement in finished goods inventory	7.16	(7.07)
Total	**(3.89)**	**56.66**
Note 22:		
Other Direct Manufacturing Expenses		
Power & fuel	1,416.39	1,113.47
Water	111.74	79.67
Stores consumed	179.46	241.50
Total	**1,707.59**	**1,434.64**
Note 23:		
Employee Benefits Expenses		
Salaries, wages and bonus	910.17	816.09
Contributions to provident & other funds	96.61	62.18
Staff welfare expenses	145.57	132.31
Total	**1,152.35**	**1,010.58**
Note 24:		
Finance Costs		
Interest expense	127.18	85.76
Other borrowing costs	23.03	21.96
Total	**150.21**	**107.72**
Note 25:		
Other Expenses		
Rent	135.25	137.07
Repairs & Maintenance - P&M	373.91	319.51
Repairs & Maintenance - Buildings	37.34	25.48
Repairs & Maintenance - Others	96.85	61.83
Insurance	32.57	36.15
Packing materials	256.69	297.63
Freight charges	244.68	489.23
Rates & Taxes	74.36	44.94
Travelling expenses	154.40	111.70
Auditors remuneration		
- Statutory and Limited Review Audit	4.50	2.70
- Tax Audit	0.50	0.40
- Other Services	0.05	0.05
Sitting fee to Directors	4.75	5.80
Legal and professional charges	98.40	69.39
Commission and discount	217.22	207.70
Printing & stationery	5.81	15.82
Telephone expenses	16.27	19.36
Corporate Social Responsibility expenditure	30.76	24.00
Donation	0.05	3.79
Loss on sale assets	-	1.57
Administration expense	168.99	167.58
Total	**1,953.35**	**2,041.70**

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 26: Excise Duty

Excise Duty on sales for the year has been 'disclosed as reduction' from the Turnover. Excise Duty relating to the difference between the closing stock and opening stock has been included in "Changes in Inventories of Finished goods Note-21" for current year.

Note 27: Commitments

Estimated amount of Contracts remaining to be executed on capital account for Rs.197.54 Lacs (Previous year Rs.225.71 Lacs)

Note 28: Contigent Liability

Excise Duty demands against which the company has filed appeals and for which no provision is considered, as outcome of appeals is not ascertainable at this stage is Rs.154.72 lacs (Previous year Rs.154.72 lakhs).

Note 29: Value of Raw materials, chemicals and stores and spares consumed

Particulars	31.03.2017		31.03.2016	
	Value (Rs. In Lakhs)	%	Value (Rs. In Lakhs)	%
Raw Materials & Chemicals				
a) Imported	-	-	-	-
b) Indigenous	15,939	100%	15,302	100%
Total	**15,939**	**100%**	**15,302**	**100%**
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenous	179	100%	241	100%
Total	**179**	**100%**	**241**	**100%**

Note 30: Expenditure incurred in Foreign Currency **₹ In Lakhs**

Particulars	31.03.2017	31.03.2016
a) Travelling	70	35
b) Commission	13	24

Note 31: Related Party Transactions

Refer page Nos. 55 & 56 for the details of Related Party Transactions.

Note 32: Earnings in Foreign Currency realised during the year **₹ In Lakhs**

Particulars	31.03.2017	31.03.2016
F.O.B value of export sales	1,297	4,553
Dividend from subsidiary	87.21	-

Note 33: Employee Benefits

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

The company has recognised Rs.29.51 Lakhs (previous year Rs.2.26 Lakhs) in the Statement of Profit & Loss for the year ended 31st March 2017

₹ In Lakhs

Particulars	2016-17	2015-16
Basic Assumptions	**Indian Assured Lives (2006 - 08) Mortality Table Ultimate**	
Basic assumptions		
Date of valuation	31-03-2017	31-03-2016
Rate of discount (p.a)	7.27%	7.80%
Rate of salary escalation	6.50%	6.50%
Employee attrition rate due to reasons other than death or retirement	2.00%	2.00%
Rate of return on plan assets	8.50%	8.75%
Projected benefit obligation at the beginning of the period	326.64	346.60
Current service cost	82.29	10.50
Interest cost	25.08	26.18
Actuarial loss / (gain)	6.08	(5.97)
Benefits paid	(41.13)	(50.67)
Projected benefit obligation at the end of the period	**398.96**	**326.64**
Amounts recognized in the Balance Sheet		
Projected benefit obligation at the end of the period	398.96	326.64
Fair value of plan assets at end of the period	326.62	309.19
Liability recognized in the Balance Sheet	**72.34**	**17.45**
Cost for the period		
Current service cost	82.29	10.50
Interest cost	25.08	26.18
Expected return on plan assets	(25.85)	(25.92)
Net actuarial (gain)/loss recognized in the period	4.26	(3.91)
Total	**85.78**	**6.85**
Less: Share of contribution of promoter company	**56.27**	**4.59**
Net cost recognized in statement of profit & loss account	**29.51**	**2.26**

Note 34: Segment reporting

Segment information

a) The company has only one primary business segment that of Manufacturing Poly Iso Butylene.

b) Secondary reporting segment (by Geographical segment)

₹ In Lakhs

Geographical segments	Revenue for the year ended March 31, 2017	Revenue for the year ended March 31, 2016
Outside India	1,438	4,855
India	20,768	16,798
Total	**22,206**	**21,653**

Note 35: Micro, Small and Medium Enterprises Development Act, 2006

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

Note 31 - Related Party Transactions

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

(i)	Parties with Significant influence (Direct and Indirect)	Promoter Company	Kothari Sugars & Chemicals Ltd.
		Holding Company	BHK Trading LLP
		Company in Joint Control	Kothari International Trading Ltd.
		Company in Joint Control	Santoor Commercials Pvt .Ltd.
		Company in Joint Control	Kothari Biotech Ltd.
		Company in Joint Control	Kothari Safe Deposits Ltd.
		Company in Joint Control	Century Foods Pvt. Ltd.
		Company in Joint Control	Parasakthi Trading Co. Pvt. Ltd.
		Affiliated Trust	HCK Education and Development Trust
		Wholly owned Subsidiary	Kothari Petrochemicals Pte. Ltd., Singapore
		Step down Subsidiary	Kothari Petochemicals HK Limited, Hong Kong
ii)	Key Management Personnel	Chairperson	Mrs.Nina B. Kothari
		Managing Director	Mr.Arjun B. Kothari

₹ In Lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)											
	Kothari Sugars & Chemicals Ltd.		Century Foods Pvt. Ltd.		Kothari Safe Deposits Ltd.		Kothari Biotech Ltd.		Kothari International Trading Limited		Parasakthi Trading Co. Pvt. Limited	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent	-	-	15.60	15.60	16.64	16.64	-	-	-	-	30.00	30.00
Commission paid	-	-	-	-	-	-	-	-	63.80	91.53	-	-
Common expenses	47.90	42.18	-	-	-	-	0.97	0.74	-	-	-	-
Locker rent	-	-	-	-	0.11	0.09	-	-	-	-	-	-
Professional services	153.80	126.50	-	-	-	-	-	-	-	-	-	-
Sales revenue	-	0.71	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Repatriation of investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Sitting fees	-	-	-	-	-	-	-	-	-	-	-	-
Salary & commission	-	-	-	-	-	-	-	-	-	-	-	-
CSR payment	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**0.06 CR**	**0.07 CR**	**Nil**	**Nil**	**Nil**	**Nil**

₹ In Lakhs

Nature of Transactions	Parties with Significant influence (Direct and Indirect)									
	Santoor Commercials Pvt. Limited		Key Management Personnel		Kothari Petrochemicals Pte Ltd		Kothari Petrochemicals HK Limited		HCK Educational and Development Trust	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rent	48.00	48.00	-	-	-	-	-	-	-	-
Commission paid	-	-	-	-	-	-	-	-	-	-
Common expenses	-	-	-	-	-	-	-	-	-	-
Locker rent	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-
Sales revenue	-	-	-	-	-	-	40.09	1,075.80	-	-
Investment in subsidiary	-	-	-	-	63.67	-	-	-	-	-
Repatriation of investment in subsidiary	-	-	-	-	673.40	-	61.56	-	-	-
Sitting fees	-	-	1.00	1.35	-	-	-	-	-	-
Salary & commission	-	-	49.49	49.07	-	-	-	-	-	-
CSR payment	-	-	-	-	-	-	-	-	30.76	24.00
Closing Balance	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**		Nil	37.28	**Nil**	**Nil**

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 36: Operating Lease

A sum of Rs.135.25 lacs (previous Year Rs.137.07 lacs) has been debited to rent account, being the rent paid on premises which has been taken on operating lease.

Note 37: Earnings per Share

The Earnings per share is as mentioned below:

Particulars	31.03.2017	31.03.2016
Face value per share (Rs.)	10	10
Weighted average No. of shares	5,88,46,400	5,88,46,400
Profit after tax (Rs. in lakhs)	583.80	918.45
Basic and diluted earnings per share (Rs.)	0.99	1.56

Note 38: Acknowledgement of Balances

Balances in Trade receivables, loans and advances and deposits include items which are in the process of confirmation and have, in the opinion of the management a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. Trade payables are stated at a value they are liable to be paid.

Note 39: Urban Land Tax

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

Note 40: Borrowing Cost

During the year an amount of Rs.5,23,932 paid as interest on term loan has been capitalised.

Note 41: Cash Transactions from 08-11-2016 to 30-12-2016

	SBNs (Rs)	Other denomination notes(Rs)	Total(Rs)
Closing cash in hand as on 8.11.2016	213,000	4,227	217,227
Add: Permitted receipts	84,000	696,988	780,988
Less: Permitted Payment	-	529,237	529,237
Less: Amount deposited in Bank	297,000	238	297,238
Closing cash in hand as on 30.12.2016	-	171,740	171,740

Note 42: Closure of Foreign Subsidiary

The company's overseas subsidiary, Kothari Petrochemicals Pte Ltd, Singapore (KPL SG) closed down its operations during the FY 2016-17 and the investments held (USD 10,00,000) in KPL SG has been fully repatriated on 16/03/2017 and 17/03/2017. The dividend paid by KPL SG USD 1,00,000(INR 67.65 lacs) and deemed dividend arising as a result of closure of operations amounting to USD 29,882 (INR 19.56 lacs) have been received and accounted under "Other Income" in the statement of Profit and Loss Account.

During the FY 2016-17 Kothari Petrochemicals Ltd (KPL India) has acquired the entire shares (7,500 equity shares) of its step down subsidiary Viz. Kothari Petrochemicals HK Ltd (KPL HK) held by KPL SG and thereby KPL HK has become the wholly owned subsidiary of KPL India. KPL HK has closed down its operations during the FY 2016-17 and the entire investment of Rs.61.57 lacs was repatriated to India.

In view of closure of both the overseas subsidiaries and repatriation of entire investments in those subsidiaries, there is no investment in the parent company's (KPL India) books as on 31-03-2017. Hence no consolidated financial statements have been prepared as the same is not required by AS 21.

Note 43: Previous Year Figures

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

For and on behalf of the Board

As per our Report of even date

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

Arjun B. Kothari
Managing Director

P.N. Devarajan
Director

N.Krishnamurthy
Partner

Place: Chennai
Date : May 29, 2017

A. Thanikainathan
Company Secretary

Cyrus Kallupurackal
Chief Financial Officer

NOTES

KOTHARI PETROCHEMICALS LIMITED

CIN : L11101TN1989PLC017347
Regd.Office: "Kothari Buildings" 115, Mahatma Gandhi Salai, Nungambakkam, Chennai - 600 034
Phone No.044 -30225616 / 30225507 / Fax No.044 -28334560
Email: secdept@hckgroup.com / Website: www.kotharipetrochemicals.com

Form No. MGT 11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

CIN : L11101TN1989PLC017347
Name of the company : KOTHARI PETROCHEMICALS LIMITED
Registered office : KOTHARI BUILDINGS, NO.115, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI, 600034

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

I/We, being the member (s) of …….....…. shares of the above named company, hereby appoint

1. Name .....
   Address .....
   Email-Id.....
   Signature..... or failing him/her

2. Name .....
   Address .....
   Email-Id.....
   Signature..... or failing him/her

3. Name .....
   Address .....
   Email-Id.....
   Signature..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the company, to be held on Thursday the 07th day of September, 2017 at 10.30 a.m. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1.	Consider and adopt:		
	a) Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Final Dividend for the financial year 2016-17		
3.	Re-appointment of Mrs.Nina B Kothari who retires by rotation		
4.	Appointment of Statutory Auditors		
Special Business			
5.	Ratification of Remuneration to Cost Auditor		
6.	Appointment of Mr.C.V.Sankar as Independent Director		

Signed this ……..... day of ……..... 2017

Signature of shareholder:

Affix ₹1 Revenue Stamp

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

Notes:

(a) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

b) A Proxy need not be a member of the Company.

c) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

d) ** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

e) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

KOTHARI PETROCHEMICALS LIMITED
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Email: secdept@hckgroup.com / Website: www.kotharipetrochemicals.com

ATTENDANCE SLIP

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

a) I hereby record my presence at the 28th Annual general meeting of the company, to be held on Thursday the 07th day of September, 2017 at 10.30 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014.

b) Signature of the Shareholder / Proxy Present.

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

d) Shareholder / Proxy holder desiring to attend the meeting may bring his / her any identity proof and copy of Annual Report for reference at the meeting.

E - VOTING PARTICULARS

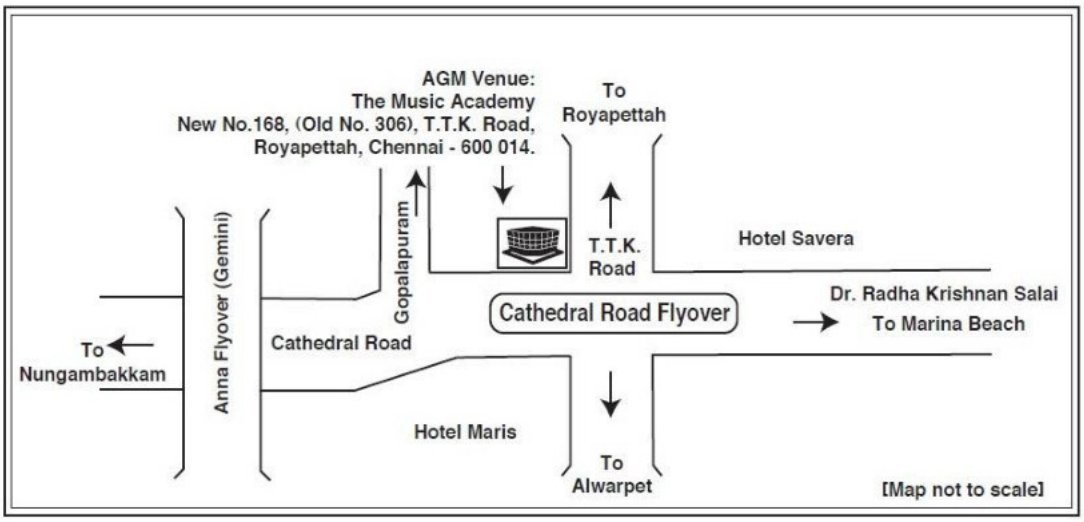
EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD
170719014	**Folio No. / Client ID**	**Pan Number / Bank Account No. / Date of Birth**

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

Commencement of e-voting	End of e-voting
Sunday, 03rd September, 2017 at 9.00 A.M.	Wednesday, 06th September, 2017 at 5.00 P.M.

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

Route map for the venue of AGM of Kothari Petrochemicals Limited to be held on Thursday 07th September 2017 at 10.30 A.M.



If undelivered, please return to:

KOTHARI PETROCHEMICALS LIMITED
Regd. Office. “Kothari Buildings”
No. 115, Mahatma Gandhi Salai,
Nungambakkam, Chennai - 600 034.