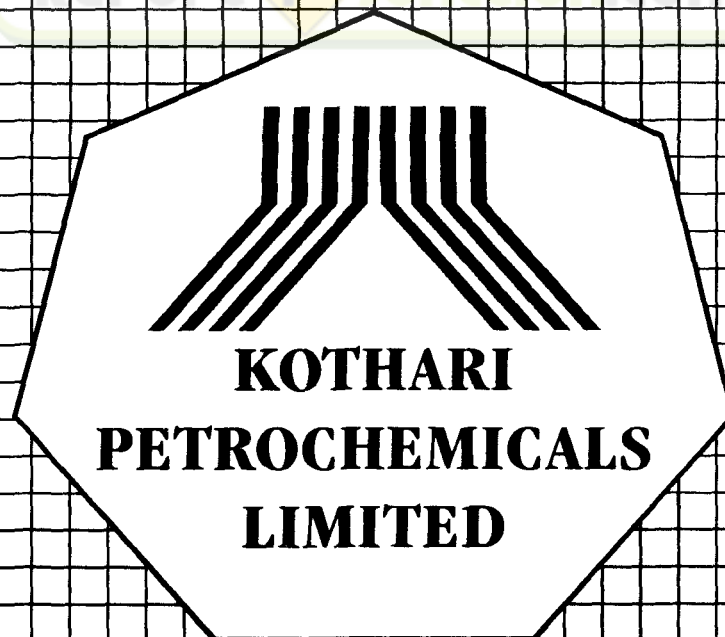
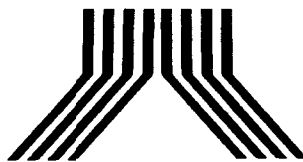


16th Annual Report
2004-05





KOTHARI PETROCHEMICALS LIMITED

BOARD OF DIRECTORS

B.H. KOTHARI (Chairman)

T. DULIP SINGH

N. CHANDRAMOULI

P.S. BALASUBRAMANIAM

STATUTORY AUDITOR

M/S. R. SUBRAMANIAN AND COMPANY
Chartered Accountants,
Chennai – 600 004.

INTERNAL AUDITOR

M/S. SESA & RAJAN
Chartered Accountants,
Chennai – 600 083.

REGISTERED OFFICE

“KOTHARI BUILDINGS”
115, Mahatma Gandhi Salai,
Chennai – 600 034.
Phone: 30225507
Fax: 044-28334560

REGISTRAR & TRANSFER AGENT

M/S. CAMEO CORPORATE SERVICES LIMITED
“Subramanian Buildings”
1, Club House Road,
Chennai – 600 002.
Phone: 28460390 (5 lines)
Fax: 044-28460129

NOTICE TO THE MEMBERS



Notice is hereby given that the 16th Annual General Meeting of the members of Kothari Petrochemicals Limited will be held on Wednesday, the 14th day of September, 2005 at 10.00 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2005 and the Balance Sheet as on that date and the Cash Flow Statement for the year ended 31st March, 2005 together with Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. P.S. Balasubramaniam who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

For and on behalf of the Board

Place: Chennai
Date : 25.07.2005

B.H. KOTHARI
CHAIRMAN

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHALL NOT BE ENTITLED TO VOTE EXCEPT ON A POLL. PROXIES SHOULD BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY AT ANY TIME NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. A member or proxy should fill the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
3. All correspondence concerning change of address, transfer of shares, etc. may be made to the Registrar and Transfer Agent, Cameo Corporate Services Limited.
4. Share Transfer Books and Register of Members will remain closed from 01.09.2005 to 08.09.2005, (both days inclusive).
5. Shareholders are requested to bring copies of their Annual Reports since additional copies will not be provided at the meeting.



ANNEXURE TO THE NOTICE

IN RESPECT OF ITEM NO.2, THE INFORMATION ABOUT THE DIRECTOR SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING IS FURNISHED HEREUNDER

Particulars	Item No.2
Name of the Director	Mr. P.S. Balasubramaniam
Date of Birth	12.07.1944
Date of Appointment	26.09.2003
Qualification and Experience in Specific Functional Areas	<p>Graduate in Commerce (B.Com.) Member of Institute of Chartered Accountants of India (A.C.A.) Member of Institute of Company Secretaries of India (A.C.S.) Over 35 years of experience at Middle and Senior Management levels in the Financial Services Sector. He was the Managing Director of Investment Trust of India Limited and he was formerly the President of Federation of Indian Hire Purchase Association and Chairman of Equipment Leasing Association of India.</p>
List of Other Companies in which Directorship held	<ol style="list-style-type: none"> 1. ITI Financial Services Limited 2. Kothari Safe Deposits Limited 3. Kothari Bio Tech Limited 4. Mahaveer Finance India Limited 5. Javagreen BPO Private Limited
Chairman/Member of the Committee of the Board of Director of the Company	<p>Member</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Share Transfer cum Shareholders' Grievances Committee
Chairman/Member of the Committee of the Other Companies in which he is a Director	<p>Member</p> <p>Investment Committee – Kothari Safe Deposits Limited</p>

DIRECTORS' REPORT



REPORT OF THE DIRECTORS TO THE MEMBERS

The Board of Directors of your Company present the 16th Annual Report on the business and operations of your Company together with Audited Financial Statements for the year ended 31st March, 2005.

FINANCIAL RESULTS

(Rs in lacs)

Particulars	2004-2005	2003-2004
PBIDT	48	189
Interest	—	(28)
PAI	48	161
Depreciation	2	(105)
PAID	46	56
PBT	46	56
Exceptional Item (Income)	—	565
Exceptional Item (Loss)	—	(1563)
PAT	46	(942)

PERFORMANCE FOR THE YEAR 2004-2005

During the year under review, the Company started the business of trading in Light Polymers. The Company has sold 157.65 MT for value of Rs.34.90 lacs.

DIVIDEND

The Directors have not recommended any dividend for this year, in view of the accumulated losses.

FUTURE BUSINESS

Trading of liquefied petroleum gas is being planned by sourcing the same from M/s. Cetex Petrochemicals, Chennai. The LPG trading also has a potential as the demand for LPG is growing steadily, and this may also be taken up.

PUBLIC DEPOSIT

The Company has not accepted any fixed deposits from Members or Public and has no outstanding Public Deposits.

DIRECTORS

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

Mr. S. Ramaswamy & Mr. M.M. Bhagat resigned from the Board on 19.07.2004. The Board of Directors wish to place on record its appreciation of the valuable services rendered by Mr. S. Ramaswamy & Mr. M.M. Bhagat during their tenure.

Directors' responsibility statement

The Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
2. That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;



DIRECTORS' REPORT

3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
4. That the Accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In view of the sale of Caustic Soda business to Chemplast Sanmar Limited in the year 2003, the Company is not having any manufacturing activities. The Company is currently engaged in trading in Light Polymers and may take up other business activities later.

Industry Structure and Development

Light Polymer is a by-product that emerges during the production of Polyisobutylene (PIB) with specific characteristics and has wide range of applications.

Opportunities and Threats

As its application keeps expanding, it has huge potential in the solvents and fuel additive market. It finds application even in rubber compounds. Earlier, we had distributed this only in the local market and now the inter-state transactions are picking up.

However, the threat is the increase in raw material cost of the main product and the corresponding necessity to adjust the price of Light Polymer.

Outlook

The outlook for the trading in Light Polymer looks brighter.

Risks and Concerns

International crude price plays a major role in the volatility of the price of Light Polymer.

Internal Control Systems and Their Adequacy

With well-defined policies on safety, quality and environment the Company is successful in maintaining a good image with its customers.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Since the Company has sold its caustic soda plant, the number of employees have been reduced considerably.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure to this report.

AUDITORS

The Company's Auditors, M/s. R. Subramanian and Company, Chartered Accountants, retire at this Annual General Meeting and being eligible, have offered themselves for re-appointment. You are requested to appoint Auditors and authorise your Directors to fix their remuneration.

COST AUDIT

Since there are no manufacturing activities being carried on by the Company, the appointment of the Cost Auditor for the year 2004-2005 is not required.

DIRECTORS' REPORT



DISCLOSURE UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

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

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Not applicable.

ACKNOWLEDGEMENT

The Board acknowledges the co-operation and support extended by the employees, consultants, suppliers and customers.

The Directors also wish to place on record their appreciation of the support and co-operation they have received from Financial Institutions, Banks, Central and State Governments.

For and on behalf of the Board

Place: Chennai
Date : 25.07.2005

B.H. KOTHARI
CHAIRMAN





CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2005

COMPANY'S CODE OF CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY

The Company has always made efforts to implement sound corporate governance practices. The Company's philosophy on Corporate Governance is aimed at assisting the top management of the Company in conducting its business in an efficient and transparent manner and in meeting its obligation to shareholders and other stakeholders.

2) BOARD OF DIRECTORS

The present strength of the Board is four, comprising of three non-executive independent Directors. The present composition of the Board meets the requirements of SEBI guidelines and the Companies Act, 1956, as amended.

Details about the Board of Directors as on 31st March, 2005 are tabulated hereunder:

Director	No. of Board Meetings attended	Attendance at previous AGM held on 19 th July, 2004	No. of Outside Directorships held (excluding alternate directorships and directorships in private companies)	No. of memberships/ chairmanships in other Board Committees	Executive/ Non-Executive/ Independent
Mr. B.H. Kothari, Chairman	4	Present	4 (of which 3 as Chairman)	1	Non-Executive & Non-Independent
Mr. T. Dulip Singh	2	Not Present	10	3	Non-Executive & Independent
Mr. N. Chandramouli	4	Present	1	NIL	Non-Executive & Non-Independent
Mr. P.S. Balasubramaniam	2	Present	4	2	Non-Executive & Independent
Mr. S. Ramaswamy (upto 19.07.2004)	2	Present	1	Nil	Non-Executive & Independent
Mr. M.M. Bhagat (upto 19.07.2004)	2	Present	5	2 (of which 1 as Chairman)	Non-Executive & Independent

Board Meetings held during the year 2004-2005

The Board of Directors met four times during the year 2004-2005 on 23rd April, 2004, 19th July, 2004, 29th October, 2004 & 28th January, 2005.

3. BOARD COMMITTEES

The Board has set up the following committees as per the code of conduct for Corporate Governance:

a. Audit Committee

The Audit Committee comprises of Mr. T. Dulip Singh (Chairman), Mr. B.H. Kothari, Mr. N. Chandramouli and Mr. P.S. Balasubramaniam. The role and terms of reference of the Audit Committee includes Management Discussion and Analysis of Financial Condition and Results of Operations, Statement of significant related party transactions (as defined by the Audit Committee), submitted by management. Management letters/letters

CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2005

of internal control weaknesses issued by the Statutory Auditors, Internal Audit Reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.

The Audit Committee met 4 times during the year 2004-2005 on 23.04.2004, 19.07.2004, 29.10.2004 & 28.01.2005.

Names of the Directors	Number of Committee Meetings attended
Mr. B.H. Kothari	4
Mr. T. Dulip Singh	2
Mr. N. Chandramouli	4
Mr. P.S. Balasubramaniam	2

b. Share Transfer Cum Shareholders' Grievances Committee

The Share Transfer cum Shareholders' Grievances Committee met 14 times during the year under review.

The Share Transfer cum Shareholders' Grievances Committee is headed by Mr. B.H. Kothari, Chairman and Mr. T. Dulip Singh, Mr. N. Chandramouli, Mr. P.S. Balasubramaniam are other members of the Committee. Mr. V. Kalyanasundaram is the Compliance Officer.

During the year 2004-2005, all the complaints received from the shareholders and investors have generally been solved to the satisfaction of the complainants.

31 complaints were received from the investors and all of them have been resolved to the satisfaction of the complainants. There are no pending complaints.

c. Remuneration Committee

The Remuneration Committee as contemplated under the listing agreement is presently not required and will be constituted at an appropriate time in due course.

4. DIRECTORS' REMUNERATION

The Company has not paid any remuneration to its Directors during the year 2004-2005. The sitting fees paid to attend the Board Meetings are furnished hereunder:

Sitting Fees paid to Board of Directors for Board Meetings - 2004-2005

Sl. No.	Name of the Directors	23.04.2004 Rs.	19.07.2004 Rs.	29.10.2004 Rs.	28.01.2005 Rs.	Total Sitting Fees paid Rs.
1.	Mr. B.H. Kothari	2000	2000	2000	2000	8000
2.	Mr. T. Dulip Singh	2000	LOA	LOA	2000	4000
3.	Mr. S. Ramaswamy	2000	2000	—	—	4000
4.	Mr. M.M. Bhagat	2000	2000	—	—	4000
5.	Mr. N. Chandramouli	2000	2000	2000	2000	8000
6.	Mr. P.S. Balasubramaniam	2000	2000	LOA	LOA	4000
	TOTAL					32000

The Directors are not paid sitting fees for attending the Committee Meetings.