

Board of Directors	:	B.H.Kothari - Chairman & Managing Director G.Narayanaswamy V.R.Deenadayalu P.K.Rudra N.Chandramouli P.S.Balasubramaniam
Company Secretary	:	R.Prakash
Statutory Auditors	:	R.Subramanian and Company Chartered Accountants, Chennai - 600 004
Internal Auditors	:	K.R.Sarangapani & Co. Chartered Accountants, Chennai - 600 083
Legal Advisors	:	S.Ramasubramaniam & Associates Advocates, Chennai - 600 004
Registered Office	:	"Kothari Buildings" No.115, Mahatma Gandhi Salai Nungambakkam Chennai - 600 034 Phone Nos.: 044 - 30281595, 30225616 Fax No. : 044 - 28334560
Registrar & Share Transfer Agent	:	M/s.Cameo Corporate Services Limited Subramanian Buildings, 5 th Floor No.1, Club House Road Chennai - 600 002. Phone Nos. 044 - 28460390 to 28460394 Fax No.044 - 28460129
Listing	:	The National Stock Exchange of India Limited (NSE), Mumbai

Stock Code	:	KOTHARIPET ISIN No.INE720A01015
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NOTICE TO THE MEMBERS



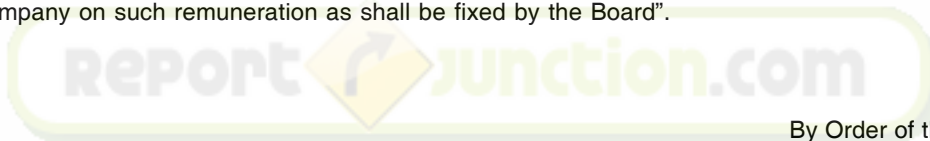
Notice is hereby given that the 19th Annual General Meeting of Kothari Petrochemicals Limited will be held on Thursday, September 18, 2008 at 11.00 A.M. at The Music Academy, Mini Hall, Old No.306, New No.168, T.T.K. Road, Chennai - 600 014 to transact the following business:

Ordinary Business

1. To receive and adopt the audited statement of Accounts for the year ended March 31, 2008 and to consider the reports of the 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 a Director in the place of Mr. G.Narayanaswamy, who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment of Auditors

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

“RESOLVED that subject to the provisions of Sections 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs R. Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors be and are hereby appointed as Auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board”.



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

Place : Chennai
Date : July 28, 2008

R.Prakash
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHALL NOT BE ENTITLED TO VOTE EXCEPT ON A POLL. PROXIES SHOULD BE LODGED WITH 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 Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited.
4. Share Transfer books and Register of Members will remain closed from Thursday, 11.09.2008 to Thursday, 18.09.2008 (both days inclusive)
5. Shareholders are requested to bring copies of their Annual Reports, as no additional copies will be provided.

THE INFORMATION IN RESPECT OF ITEM NO.2 & 3 PURSUANT TO SEBI CODE FOR CORPORATE GOVERNANCE ABOUT DIRECTORS SEEKING RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No.2	Item No.3
Name of the Director	Mr.P.S.Balasubramaniam	Mr.G.Narayanaswamy
Date of Birth	July 12, 1944	April 27, 1928
Date of Appointment	September 26, 2003	October 26, 2005
Qualification	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.)	Bachelor of Science (B.Sc.) Fellow of Institute of Chartered Accountants of India (F.C.A.)
Experience in specific functional areas	He has over 40 years of experience at Middle and Senior Management levels in the Financial Services Sector. He was the Managing Director of Investment Trust of India Ltd., President of Federation of Indian Hire Purchase Association, Chairman of Equipment Leasing Association of India and Vice President of Asian Leasing Association, representing India.	He has experience of more than 5 decades in the Accounting and Auditing profession. He is a senior partner of M/s. S.Venkatraman & Co., Chartered Accountants, Chennai.
List of other Companies in which Directorship held	1. Kothari Safe Deposits Ltd. 2. Kothari Biotech Ltd. 3. Kothari International Trading Ltd. 4. ITI Financial Services Ltd. 5. Mahaveer Finance India Ltd. 6. M/s. Equipment Leasing Association (India) 7. M/s. South India Hire Purchase Association	1. Southern Electronics Bangalore Private Limited 2. Grams Electronics Bangalore Private Limited 3. Watanmal India Private Limited 4. Conster Chemicals Limited
Chairman/ Member of the Committee of the Board of Directors of the Company	Share Transfer cum Shareholder Grievances Committee - Member	Audit Committee - Chairman
Chairman/ Member of the Committee of the other companies in which he is a Director	1. Kothari Safe Deposits Limited, Share Transfer Committee - Member 2. ITI Financial Services Limited, Audit Committee - Chairman	Nil

DIRECTORS' REPORT



To the Members

The Directors submit the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2008.

1. Financial Performance

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
PBIDT	907.92	733.97
Interest	--	--
Profit after Interest	907.92	733.97
Depreciation & Goodwill	222.93	180.84
Profit after Depreciation & Goodwill	684.99	553.13
Fringe Benefit Tax & Provision for Taxation	66.23	1.26
Profit After Tax	618.76	551.87

2. Performance for the financial year 2007-08

The Company has achieved a turnover of Rs.10,080.26 Lakhs for the year ended March 31, 2008.

The plant adheres to excellent safety norms and conducts periodical audits, training programme on chemical and safety exercises. The entire plant area is covered with green belt and additional efforts for improving the same will continue in the coming years. The plant adopts zero effluent concept.

Today, our Plant has been operating with both Quality Management System (ISO 9001:2000) and Environmental Management System (ISO 14001: 2004) after a surveillance audit was conducted by M/s.Det Norske Veritas, Germany.

3. Dividend

The Directors do not recommend a dividend for this year, in view of the carried forward accumulated losses.

4. Plant Capacity

The Plant enhanced its capacity from 11000 TPA to 22000 TPA to augment the growing demand for special grades PIB around the world. The Company continued to expand its presence in the international market through increased exports during the current financial year.

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

As required under the provision of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of employees are required to be set out in the annexure to the Directors' Report. However, as per provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining the same may write to the Company Secretary.

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

6. Public Deposit

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

7. Directors

Mr. P.S.Balasubramaniam & Mr. G.Narayanaswamy, Directors, retire by rotation and being eligible offer themselves for re-appointment.

8. Director's Responsibility Statement

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Kothari Petrochemicals Limited (KPL) is the largest manufacturer of polyisobutene (PIB) in India. The company enjoys a strong market position in India with a rapidly growing brand across the globe that represents quality, customer responsiveness, dependability and a commitment to the environment. KPL's growth continues in the financial year 2007-2008, KPL expanded its capacity in Manali and doubled its production to 22,000 MT per annum in order to supply PIB worldwide.

Industry Structure and Development

KPL is a part of India's growing petrochemical industry. KPL utilizes liquefied petroleum gas (LPG) as its primary raw material, and produces PIB, which is mainly used in downstream petrochemical applications. KPL's PIB product line comprises of several molecular weight grades, each of which can be applied to a wide range of uses in chemical, rubber, plastics, paper petroleum and lube oil industries.

The PIB industry worldwide continues to expand to compensate for increasing demand, and is now dominated by a small number of large producers in various countries.

Outlook

Polybutene consumption is most influenced by the market for fuel and oil additives, which in turn, is a function of lubricant sales. Demand for PIB remains relatively constant, with primary drivers for growth arising from new applications of PIB in various industries. While demand for two-stroke engines is likely to decline across South Asia and Southeast Asia, other, more advanced industrial applications of PIB continue to drive the market demand for PIB across the world. The strongest growth in PIB demand is in Asia, a region in which KPL has grown as a trusted supplier to many large companies, such as Exxon Mobil, Infineum, Chevron, BP Castrol and Lubrizol. Despite continued raw material cost pressures arising from volatile crude oil prices, the list of advanced applications for PIB continues to grow. KPL is thus well positioned to supply the world market with international quality PIB, to meet this growing demand.

Opportunities

Rapid economic development throughout Asia continues to shift the demand curve upward across all grades of PIB. Due to our proximity to Asia, and the internationally accepted quality of our product line, KPL is well positioned to serve the rapidly growing Asian market.

Customers in India and abroad are demanding higher quality PIB for more advanced applications. To meet this demand, KPL has continuously been on the path to innovate and improve the quality of all grades of PIB.

As a result, KPL's quality is on par with European and Asian PIB suppliers, which translates to sales across all geographies and a wide range of industry segments.

KPL is committed to implementing advanced processes and methods to minimize cost of production and maximize production and process efficiencies. As a result, KPL has continued to produce PIB for customers in need even while our competitors reduce production due to volatile market conditions.

Threats

The petrochemicals industry is affected by demand for end-products. Because our business is dependent on the requirements of downstream end-product companies for our products, periods of downturn and over capacity may lead to reduced demand for our products. To mitigate such threats, KPL maintains a diversified portfolio of customers across geographies and product requirements.

The period of 2007-2008 witnessed a historically dramatic increase in crude prices, and in turn Liquefied Petroleum Gas (LPG) prices. Since KPL is heavily dependent upon LPG, sharp increases in raw material costs pose a threat for the company's ability to maintain profit. To reduce this threat, KPL continues to negotiate with all customers on price and volume to preserve profit despite volatility in raw material costs.

In international markets, KPL faces competition that provides high quality PIB at low prices due to economies of scale and market entrenchment. Price competition within India from international suppliers seeking market entry has also presented a threat through downward pressure on price realization. To lessen this threat, KPL continues to improve the quality of its product line to offer product at parity with international competitors, reduce our cost of production to provide flexibility in pricing while maintaining profit, and seek a wide range of customers in segments underserved by large international PIB suppliers, and thus, enjoy better realizations.

Despite efforts to mitigate foreign competitors' dumping product into India at prices well below cost of production, the threat still remains. Dumped PIB at deeply discounted prices results in lost revenue for KPL and its domestic competitors, and serves as a disruptive force in the Indian market. KPL is uniquely prepared to export larger quantities of PIB outside of India so that the adverse effects of such tactics would be mitigated.

Risks and Concerns

As KPL increases its exports, the company will become more exposed to potential volatility in foreign exchange. To mitigate this risk, KPL has established a Treasury function to actively manage potential transaction cost risks arising from foreign exchange.

KPL has recently increased its annual production capacity to 22,000 MT per annum. Risks of any expansion include: market saturation and less demand than forecasted and supply chain difficulties. As of now, the benefits brought about by such capacity expansion have been in line with KPL's expectations. KPL has established systems to evaluate and forecast market demand and supply chain requirements and refers to these forecasts and evaluations on a regular basis.

KPL procures raw materials from multiple sources whenever possible to ensure adequate supplies for volume production and to mitigate purchase concentration risk. To lower the risk of potential price increases, KPL seeks to establish long-term contracts with these suppliers. KPL also continues to look for additional sources of materials.

9. Internal Control Systems and their adequacy

KPL maintains an adequate internal control system that provides effectiveness and efficiency of operations, accuracy and reliability of financial reporting, compliance with applicable laws and regulations.

The Audit Committee of KPL comprises of qualified and Independent Directors which reviews the adequacy of internal controls on a periodic basis.

10. Human Resources / Industrial Relations

The total number of employees are at 93 and over 75% are professionally / technically qualified and experienced.

11. Corporate Governance

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

12. Re-appointment of Auditors

The Auditors, M/s.R.Subramanian and Company, Chartered Accountants, Chennai, retire at the Annual General Meeting and have confirmed their eligibility to accept Office, if re-appointed.

13. Acknowledgement

The Board acknowledges the co-operation and support extended by the Employees, consultants, suppliers, customers and all its business associates.

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

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

Place : Chennai
Date : July 28, 2008

B.H. Kothari
Chairman and Managing Director

FORM A

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

1. Electricity	Current year	Previous year
(a) Purchased		
Unit (Kwh)	51,99,860	46,02,750
Total Amount (Rs.)	2,32,07,657	1,68,90,848
Rate/unit (Rs.)	4.46	3.67
(b) Own generation		
(i) Though diesel generator		
Units	5,84,252	1,72,140
Unit per-litre of diesel oil	3.15	3.18
Cost/Units	10.50	10.79
(ii) Through steam turbine/generator		
Units	--	--
Units per-litre of fuel oil/gas	--	--
Cost/units	--	--
2. Coal (specify quality and where used)		
Quantity (kilo litres)	--	--
Total cost	--	--
Average rate	--	--
3. Furnace oil		
Quantity (kilo litres)	--	--
Total amount	--	--
Average rate	--	--
4. Others/internal generation (please give details)		
Quantity	--	--
Total cost	--	--
Rate/unit	--	--

B. Consumption per unit of production

	Standard (if any)		
Products (with details) in MT	--	11,981.50	10,667.50
Electricity (Unit per MT)	--	482.75	447.11
Furnace oil	--	--	--
Coal (specify quality)	--	--	--
Others (specify)	--	--	--

B. TECHNOLOGY ABSORPTION
FORM B

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned (Rs. in lakhs)

a.	Total Foreign Exchange earned	2205.34
b.	Total Foreign Exchange outflow	25.43

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08

(As required by Clause 49 of the Listing Agreement of the Stock Exchange)

1. Company's Philosophy on Corporate Governance

The Company adheres to good corporate practices, and is constantly striving to better them keeping in mind the best practices. In our commitment to practice Corporate Governance, we are guided by core principles i.e. accountability, compliances, disclosures, ethical conduct, transparency and promote the interests of stakeholders including customers, employees, lenders, vendors, governments, institutions and the society. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global petrochemicals company.

2. Board of Directors

The present strength of the Board is six, comprising of three independent directors and it meets the requirements of the Clause 49 of Listing Agreement.

The Board of Directors details as on March 31, 2008 are tabulated hereunder:

Name of the Director	Category	No. of Board Meetings Attended	Attendance at previous AGM held on Sep 20, 2007	No. of Directorship in other public companies	No. of Committee positions (as Member/Chairman) held in other public Companies	
					Member	Chairman
Mr.B.H.Kothari	Chairman & Managing Director	5	Present	03	02	Nil
Mr.G.Narayanaswamy	Independent	5	Present	01	Nil	Nil
Mr.V.R.Deenadayalu	Independent	5	Present	02	Nil	Nil
Mr.P.K.Rudra	Independent	5	Present	Nil	Nil	Nil
Mr.N.Chandramouli	Non-Independent	4	Present	01	Nil	Nil
Mr.P.S.Balasubramaniam	Non-Independent	3	LOA	05	01	01

Board Meetings held during the financial year 2007-2008

April 25, 2007	July 30, 2007	September 20, 2007	October 24, 2007	January 22, 2008
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3. Committees of the Board

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

a. Audit Committee

Sl.No.	Name of the Member	Category	Meetings Held	Meetings participated
1.	Mr.G.Narayanaswamy	Chairman	4	4
2.	Mr.N.Chandramouli	Member	4	3
3.	Mr.V.R.Deenadayalu	Member	4	4

b. Audit Committee Meetings held during the financial year 2007-2008

April 25, 2007	July 30, 2007	October 24, 2007	January 22, 2008
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c. Board reference to the Audit Committee

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

- i. To review the internal controls, with the Management and the Auditors and report to the Board together with recommendations thereto.
- ii. To select and establish accounting policies.
- iii. To review the adequacy of internal audit function, staffing, reporting structure and frequency of internal audits.
- iv. To review the Company's financial and risk management policies.
- v. To approve the Quarterly Unaudited Financial Results for publication.
- vi. To review the Management Discussion and Analysis Report.
- vii. To review the related party transactions submitted by the management.

d. Share Transfer cum Shareholders' Grievances Committee

The Share Transfer cum Shareholders' Grievances Committee comprises of Messrs B.H.Kothari, N.Chandramouli and P.S.Balasubramaniam.

During the period under review, this committee has met 19 times and the attendance details of Committee Members is as follows:

Sl.No.	Name of the Member	Category	Meetings Held	Meetings participated
1.	Mr.B.H.Kothari	Chairman	19	18
2.	Mr.N.Chandramouli	Member	19	17
3.	Mr.P.S.Balasubramaniam	Member	19	15