



*Kothari Petrochemicals
Limited*

26th Annual Report
2014 - 15

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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 (w.e.f. 08.04.2015) Arjun B. Kothari - Managing Director (w.e.f. 08.04.2015) P.N.Devarajan Pranab Kumar Rudra Dr.R.K.Raghavan
Company Secretary	:	S.Sundaramurthy
Chief Financial Officer	:	Cyrus Kallapurackal
Statutory Auditors	:	R.Subramanian and Company Chartered Accountants No.6, Krishnaswamy Avenue, Luz, Mylapore, Chennai - 600 004
Internal Auditors	:	K.R.Sarangapani & Co. Chartered Accountants, No.28/1, Anjuham Nagar, 1 st Street, Jafferkhanpet, Chennai - 600 083
Cost Auditors	:	P.Rajulyer, M.Pandurangan & Associates No.42, 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, Tiruvottiur - Ponneri High Road, Manali, Chennai - 600 068, Tamil Nadu. Phone: 044 - 2594 1308 / 1309

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Financial Highlights

₹. in Lacs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
PROFITABILITY ITEMS					
Gross Income	16,099.34	17,565.58	26,152.05	37,055.05	30,998.25
Gross Profit (PBDIT)	1,219.38	945.20	1,117.29	1,519.77	2,138.64
Profit After Tax	707.11	428.79	520.56	790.64	1,130.49
BALANCE SHEET ITEMS					
Net Fixed Assets	3,470.85	5,999.13	4,844.38	5,278.18	5,380.37
Investments	509.93	109.50	317.85	1,093.23	1,194.60
Net Current Assets	2,666.32	863.13	1,592.58	856.05	927.01
Total Capital Employed	6,237.28	7,094.42	6,457.75	6,611.61	6,946.23
Shareholders' Funds	5,971.75	6,058.58	6,062.78	6,164.95	6,459.25
RATIOS					
Book Value Per Share (₹)	10.15	10.30	10.30	10.40	10.98
EPS (₹)	1.20	0.73	0.88	1.34	1.92
Return on Investment	11.84%	7.08%	8.59%	12.82%	17.50%
Current Ratio	2.50	1.40	1.50	1.19	1.19
Dividend %	5%	5%	7.5%	10%	10%

NOTICE TO THE MEMBERS

Notice is hereby given that the 26th Annual General Meeting of Kothari Petrochemicals Limited will be held on Monday, 10th August 2015 at 10.15 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:
 - a) The Audited financial statements of the Company for the financial year ended March 31, 2015, the Reports of the Board of Directors and Auditors and
 - b) The Audited consolidated financial statements of the Company for the financial year ended March 31, 2015.
2. To declare Dividend on equity shares for the year ended March 31, 2015.
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 Auditors**

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

"Resolved that M/s.R.Subramanian and Company, Chartered Accountants, Chennai, the retiring Auditors, be and are hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at the remuneration to be fixed by the Board of Directors".

Special Business:**5. Appointment of Mr.Arjun B Kothari as Director**

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

"Resolved that Mr.Arjun B Kothari (DIN 07117816), who was appointed as an Additional Director of the Company with effect from April 08, 2015 by the Board of Directors at its meeting held on April 08, 2015 as recommended by the Nomination and Remuneration Committee, in terms of Article 133 of the Company and Section 161 of the Companies Act, 2013 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 pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement by rotation."

6. Appointment of Mr.Arjun B Kothari as Managing Director and Whole Time Key Managerial Person

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

"Resolved that pursuant to the provisions of Sections 164, 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to Central Government approvals, approval of the members of the company be and is hereby accorded to the appointment of Mr. Arjun B Kothari (DIN 07117816) as the Managing Director of the company for a period of five years with effect from 08th April 2015 upon the terms and conditions including remuneration as set out in this Resolution and the Explanatory Statement and sanctioned with authority to the Board of Directors of the Company to alter or vary the terms and conditions of the said appointment in such manner as the Board may deem fit and as may be acceptable to Mr. Arjun B Kothari, but subject to complying applicable provisions of law at that point of time and whose directorship is liable to retirement by rotation.

(a) Salary:

Rs.3,50,000/- (Rupees Three Lakhs Fifty Thousand Only) per month.

NOTICE TO THE MEMBERS**(b) Perquisites:**

- i) Perquisites like use of car with driver, personal accident insurance, medical insurance, leave travel concession and other benefits as provided to the other Senior Executives of the Company, will be provided in accordance with the rules of the Company and the same will be evaluated as per Income Tax Rules, wherever applicable and in other cases at actual cost to the company.
- ii) Leave Encashment as per the Company's policy from time to time.

(c) Use of telephone at residence and mobile phone for Company's purpose, which will not be treated as Perquisite.**(d) Contribution to funds:**

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

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year during the currency of the tenure of the Managing Director, the above remuneration [consisting of Salary as per (a) and Perquisites as per (b) (ii), (c) and (d) above] shall be treated as minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 or such other limit as may be prescribed by the Central Government from time to time shall be paid to him."

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

7. Approval of Remuneration to Cost Auditor

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

"Resolved that subject to the provisions of Section 148 of the Companies Act, 2013, and Companies (Audit & Auditors) Rules 2014, approval of the members of the Company be and is hereby accorded for the payment of a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus applicable service taxes and re-imbursment 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 Butene (PIB) unit of the Company for the year 2015-2016.

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

Place: Chennai
Date: 28th May, 2015

S.Sundaramurthy
Company Secretary

NOTICE TO THE MEMBERS
Important Notes

- a) **The Register of Members and Share Transfer books will remain closed from Tuesday, the 04th August, 2015 to Monday, 10th August, 2015 (both days inclusive) for Annual Closing and determining the entitlement of the Shareholders to the Final Dividend for the year 2014-15.**
- 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 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 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. by 10.15 a.m. on Monday, 10th August 2015. A Proxy form is sent herewith. The Proxy shall not be entitled to vote except on a poll.
- 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 Dividend would be paid at a rate of Re. 1/- (Rupee One Only) per Equity Share of Rs.10/- each by not later than 09th September, 2015 to those shareholders whose names stand on the Register of Members on Monday, 03rd August, 2015. Despatch of Dividend warrants would commence on 27th August, 2015 and the ECS credit would be done by 28th August 2015.
- i) Members who have not encashed their dividend warrants pertaining to the financial years 2010-11, 2011-12, 2012-13 and 2013-14 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 IEPF are detailed below:

Nature of Dividend	Financial Year	Date of Payment of Dividend	Due Date for transferring to IEPF on
Interim Dividend	2010-11	09.06.2011	08.06.2018
Final Dividend	2011-12	18.10.2012	17.10.2019
Final Dividend	2012-13	04.10.2013	03.10.2020
Final Dividend	2013-14	01.10.2014	30.09.2021

- j) The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information of the Unclaimed Dividends in respect of the financial years 2010-11, 2011-12 and 2012-13, as on the date of the 25th Annual General Meeting (AGM) held on 02nd September, 2014, on the website of the IEPF viz. www.iepf.gov.in and also in the Company's website www.kotharipetrochemicals.com under "Investors Section"
- k) Members holding shares in Dematerialized form are requested to intimate immediately all changes pertaining to their Bank details NECS / ECS, mandates, nominations, power of attorney, change of address / name etc., to their Depository Participant only and not to the Company's Registrar and Transfer Agents (RTA). Changes intimated to the Depository Participant will be automatically reflected in the Company's records which will help the Company and the RTA to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise the above changes and Transfer of Shares to the Company's RTA viz. M/s. Cameo Corporate Services Limited.

NOTICE TO THE MEMBERS

- i) 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.

Important Note: The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies towards service of notice / documents including Annual Report can be sent through email to its members. To support this green initiative, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with M/s. Cameo Corporate Services Limited, whose address is given elsewhere in this Annual Report. Kindly ensure to update your fresh Email ID with the Depository / M/s. Cameo, if you have changed the same.

- m) The Company has designated an exclusive e-mail id viz. secdept@hckgroup.com to enable investors to register their complaints / queries, if any.
- n) 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.
- o) **The shareholders are expected 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 on time.**
- p) 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 from SH-14. The nomination forms can be downloaded from the Company's website www.kotharipetrochemicals.com.
- q) Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting is appended below.
- r) Electronic copy of the Notice and Annual Report of the 26th 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 26th 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.
- s) Members may also note that the Notice of the 26th Annual General Meeting and the Annual Report for 2014-15 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 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 Clause 35B of the Listing Agreement entered into with the Stock Exchange, the Company shall provide members facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited, (CDSL):

NOTICE TO THE MEMBERS

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" of "Kothari Petrochemicals Limited" 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. In case 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. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details filed.

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