



KG Petrochem Limited

Corporate Office : F-394 (G), Road No. 9F2, V.K.I.Area, JAIPUR - 13 INDIA
Phone : (O) 0141 - 2331231, 4106800 • Fax : 91-141-2332845
E-mail : jproffice@bhavik.biz • Website : www.kgpetro.in
CIN : L24117RJ1980PLC001999 manish@bhavik.biz

KGPL/17-18/022

Dated: 02.10.2017

The Bombay Stock Exchange Ltd.
Corporate Relationship Department
25, P J Towers,
Dalal Street, Fort
Mumbai-400001

Sub: Submission of Annual Report under Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

Scrip Code: 531609

Dear Sir

With reference to above captioned subject, we would like to inform you that the 37th Annual General Meeting of the Company was held on 21.09.2017. Annual Report of the Company was approved and adopted by the members of the Company in the meeting.

We hereby submit the approved and adopted Annual Report of the Company for the year 2016-17, pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

This is for your necessary information and necessary records.

Thanking You

Your Faithfully
For K G Petrochem Limited

Harshit Attar,
Company Secretary and Compliance Officer
M. no. 41051



BOARD OF DIRECTORS

| | |
|-------------------------|----------------------------------|
| Mr. G.S. Kandoi | : Chairman cum Managing Director |
| Mr. Manish Singhal | : Executive Director |
| Mr. R. C. Maheswari | : Whole Time Director |
| Mrs. Savitri Kandoi | : Non-Executive Director |
| Mr. Radhey Shyam Gemini | : Independent Director |
| Mr. Rameshwar Pareek | : Independent Director |
| Mr. Kamlesh Sharma | : Independent Director |
| Mr. Raj Kumar Agarwal | : Independent Director |

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WORKS

1. Plot No. SP-4/3, RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108
2. Plot No. SP-4/3A, RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108
3. C-171, Road No.9J, VKI Area, Jaipur-302013

REGISTERED OFFICE

C-171, Road No.9J, V.K.I. Area,
Jaipur-302013, Rajasthan.

MANAGEMENT EXECUTIVE

Company Secretary & Compliance Office
CS Harshit Attar

Chief Financial Officer

Shiv Ratan Sharma

BANKER

STATE BANK OF INDIA
HDFC BANK LTD.

AUDITOR

M/s R. Sogani & Associates
Chartered Accountants,
Shri Dham, R-20, Yudhishter Marg,
C-Scheme, Jaipur

SECRETARIAL AUDITOR

M/s. Arms & Associates LLP
Company Secretary in Practice,
24 Ka 1, Jyoti Nagar, Jaipur

REGISTRAR & SHARE TRANSFER AGENT

M/s. Niche Technologies Pvt. Ltd
D-511, Bagree Market, 71, B. R. B. Basu Road,
Kolkatta 700001

DEPOSITORY PARTICIPANT

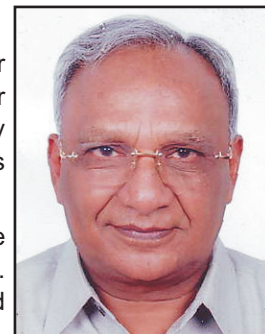
National Securities Depository Ltd.
Central Depository Services (India) Ltd



CHAIRMAN'S MESSAGE

Dear Fellow Shareowners,

My colleagues on the Board and I extend warm welcome and express their gratitude to the all present here at this 37th Annual General Meeting of your Company. The Board Report and Audited Financial Statements of the Company for the year ended March 31, 2017 along with the Auditors' Report thereon has been with you.



During FY 2017-18, the global economic activity is expected to pick-up with the long-awaited cyclical recovery in investment, manufacturing and trade. Expectation of robust global demand, reduced deflationary pressures and optimistic financial markets are other upside developments expected in future. Downside risks to global growth include increasing policy uncertainty in major advanced economies, financial market disruptions and weakening potential.

On the domestic front, two radical policy actions viz demonetization and the momentum gained in the implementation of the Goods and Service Tax Act resulted in slower than expected growth during the year under review. Rising of Rupees against USD will be a big loss to the company along with few changes made in GST regime. Despite this the Indian Economy has been a bright spot in the global landscape. India remained the fastest growing economy, after surpassing China as the fastest growing major economy in the world. This was aided by strong consumption growth and Government's policy decisions ensuring fiscal consolidation and controlling inflation.

The Indian Textile Industry continued to reel under pressure on account of increased cost and decreased profitability. These factors resulted in a dip in the Company's bottom-line, however due to well anticipated policy changes resulted in the Company's Top line yet gain touching a new high. Your Company continued to deliver stable operational and financial progress during the period under review. We are delighted to see our revenue from operation achieving new milestone of Rs.22641.74 lacs in FY 2016-17 as against Rs.21432.63 lacs in FY 2015-16, an increase of 5.64% on a year on year basis. KGPL also achieved its record level of export (FOB) Rs.18870.78 lacs in F.Y. 2016-17 in comparison to Rs.16574.67 lacs in FY 2015-16, thus increased by 13.85 %. Profit before tax and exceptional item was Rs. 1565.64 lacs as against Rs.940.11 lacs in the previous year. These results were fuelled by the remarkable acceptance of our product in overseas as well as in domestic market. Further, we do believe that the multiple initiatives taken this year will result in benefits that will be sustained and far-reaching in nature.

Further I am glade to inform that due to demand of artificial leather, your company has decided to setup a separate new unit in the name of Ultra Polycoats for manufacturing artificial leather at KeswanaKotputliwith installed capacity of 50 Lac mtr/pa of Coated Fabric and expecting that production of unit will commence in the last quarter of current financial year.

As we look ahead to greater prosperity in the years ahead, I would like to express my appreciation to all our employees, for their contribution towards the performance of KGPL. I would also like to extend my gratitude towards our Customers and suppliers for their loyalty and trust in us. And to all of our shareholders, I would like to express my sincere appreciation for their continued encouragement and support.

With warm regards,

G.S. KANDOI

Chairman



KG Petrochem Limited
CIN: L24117RJ1980PLC001999
Registered Office: C-171, Road NO.9J, V.K.I. Area, Jaipur Rajasthan-302013
Email: jproffice21@bhavik.biz Website: www.kgpetro.in

NOTICE

Notice is hereby given that the 37th Annual General Meeting of members of KG PETROCHEM LIMITED will be held on Thursday, 21.09.2017 at 10.30 A.M at C-171, Road No 9J, VKI Area, Jaipur 302013, Rajasthan to transact the following business:

ORDINARY BUSINESS:

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

1. **“RESOLVED THAT** the Audited Balance Sheet as on 31st March, 2017 and the Statement of Profit and Loss Account and the Cash Flow Statement for the financial year ended 31.03.2017 and the Report of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted”.
2. **“RESOLVED THAT** Mr.Manish Singhal (DIN: 00120232) Director of the Company, who retires by rotation at this meeting pursuant to the provisions of Section 152 (6) (c) of the Companies Act 2013, being eligible for reappointment, be and is hereby appointed as a Director of the Company.”
3. **“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and subject to approval by members of the Company, the appointment of M/s. R Sogani & Associates, Chartered Accountants (FRN 018755C), as the Statutory Auditors of the Company for a term of consecutive five years starting from conclusion of the 34th Annual General Meeting till the conclusion of 39th Annual General Meeting of the Company be and is hereby ratified at the 37th Annual General Meeting of the Company at such remuneration as may be finalized by the Board of Directors of the Company in consultation with the Auditors.”

SPECIAL BUSINESS:

4. Appointment of Mrs. Prity Singhal as Director.

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (including any modification or re-enactment thereof), Mrs. Prity Singhal (DIN: 02664482) be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. Ratification of remuneration of Mr. Ramesh Chand Maheshwari.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 & 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Act and the Rules made thereunder, including any statutory modification thereof, or any other law the Company hereby ratifies the remuneration of Rs.40000/- paid to Mr. Ramesh Chand Maheshwari, whole time director for the period of 01.08.2016 to 31.07.2017.”



6. Appointment of Mrs. Prity Singhal as Whole Time Director.

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any modification or re-enactment thereof), consent of the Members be and is hereby accorded to the appointment of Mrs. Prity Singhal (DIN: 02664482) as the Whole Time Director of the Company with effect from 01.10.2017 to 31.07.2020 upon the following terms and conditions, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during her said tenure, with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said re-appointment as it may deem fit.” liable to retire by rotation.”

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| Nature OF Duties | The Executive Director shall, devote her whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company |
| Salary Range inclusive of all allowances | Rs.2,50,000 - Rs.10,00,000/- per month As may be decided by the board of directors in consultation with Nomination and Remuneration Committee |
| Perquisites in addition to salary | A. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary. In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee. B. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962. C. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company. D. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company. Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company. E. Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company. |



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| | <p>F. Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the Company.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.</p> |
| Retirement Benefits | <p>A. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.</p> <p>B. Gratuity payable shall be in accordance with the rule of the company.</p> <p>C. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites. Other benefits</p> |
| Other benefits | <ol style="list-style-type: none">1. Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.3. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company. |
| Minimum Remuneration | <p>Where in any financial year during the currency of tenure of the managing director, Whole Time Director the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.</p> |



7. To Consider the re-appointment and increase in remuneration of SHRI GAURI SHANKER KANDOI (DIN 00120330), Managing Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 196,197,198, 203 and other applicable provisions, if any, read alongwith Schedule V of the Companies Act, 2013 (“the Act”),and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company do hereby accord their approval for the reappointment of Mr Gauri Shanker Kandoi (DIN: 00120330) as the Chairman cum Managing Director of the Company for a period of 3 (three) years from 01.08.2017 to 31.07.2020 upon the following terms and conditions, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during his said tenure, with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said re-appointment as it may deem fit.

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| Nature OF Duties | The Executive Director shall, devote his whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company |
| Salary Range inclusive of all allowances | Rs.6,00,000 - Rs.20,00,000/- per month As may be decided by the board of directors in consultation with Nomination and Remuneration Committee |
| Perquisites in addition to salary | A. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary. In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee. B. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962. C. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company. D. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company. |



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| | <p>E. Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.</p> <p>F. Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the Company.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.</p> |
| Retirement Benefits | <p>A. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.</p> <p>B. Gratuity payable shall be in accordance with the rule of the company.</p> <p>C. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p> |
| Other benefits | <ol style="list-style-type: none">1. Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.3. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company. |
| Minimum Remuneration | <p>Where in any financial year during the currency of tenure of the managing director, Whole Time Director the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.</p> |



8. To Consider the re-appointment and increase in remuneration of SHRI MANISH SINGHAL (DIN 00120232), Whole Time Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read along with Schedule V of the Companies Act, 2013 (“the Act”), and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company do hereby accord their approval for the reappointment of Mr Manish Singhal (DIN: 00120232) as Whole Time Director of the Company for a period of 3 (three) years from 01.08.2017 to 31.07.2020 upon the following terms and conditions, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during his said tenure, with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said re-appointment as it may deem fit.

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| Nature OF Duties | The Executive Director shall, devote his whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company |
| Salary Range inclusive of all allowances | Rs.6,00,000 - Rs.20,00,000/- per month As may be decided by the board of directors in consultation with Nomination and Remuneration Committee |
| Perquisites in addition to salary | A. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary. In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee. B. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962. C. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company. D. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company. |



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| | <p>E. Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.</p> <p>F. Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the Company.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.</p> |
| Retirement Benefits | <p>A. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.</p> <p>B. Gratuity payable shall be in accordance with the rule of the company.</p> <p>C. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p> |
| Other benefits | <ol style="list-style-type: none">1. Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.3. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company. |
| Minimum Remuneration | <p>Where in any financial year during the currency of tenure of the managing director, Whole Time Director the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.</p> |



9. To Consider the re-appointment and increase in remuneration of SHRI RAMESH CHAND MAHESHWARI (DIN 00091429), Whole Time Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution.

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

SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read along with Schedule V of the Companies Act, 2013 (“the Act”), and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company do hereby accord their approval for the re-appointment of Mr Ramesh Chand Maheshwari (DIN: 00091429) as Whole Time Director of the Company for a period of 3 (three) years from 01.08.2017 to 31.07.2020 upon the following terms and conditions, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during his said tenure, with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said re-appointment as it may deem fit.

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| Nature OF Duties | The Executive Director shall, devote his whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company |
| Salary Range inclusive of all allowances | Rs.40,000 - Rs.1,00,000/- per month As may be decided by the board of directors in consultation with Nomination and Remuneration Committee |
| Perquisites in addition to salary | A. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary. In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee. B. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962. C. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company. D. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company. |



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| | <p>E. Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.</p> <p>F. Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the Company.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.</p> |
| Retirement Benefits | <p>A. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.</p> <p>B. Gratuity payable shall be in accordance with the rule of the company.</p> <p>C. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p> |
| Other benefits | <ol style="list-style-type: none">1. Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.3. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company. |
| Minimum Remuneration | <p>Where in any financial year during the currency of tenure of the managing director, Whole Time Director the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.</p> |
| Date: 23.08.2017 Place: Jaipur | <p>By the order of the Board For KG Petrochem Limited Harshit Attar Company Secretary</p> |



Notes:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company (a copy of proxy form is attached). The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding 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.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members/ Proxies should bring the attendance slips duly filled-in for attending the meeting and deliver the same at the entrance of the meeting place.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the company.
6. The Register of Member & Share Transfer Book of the company will remain closed from 15/09/2017 to 21/09/2017 (both days inclusive).
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Registrar.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
9. Members are requested to bring their copies of Annual Report to the meeting.
10. Members seeking further information about the accounts are requested to write at least 7 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
11. 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.
12. Members are requested to inform the Company's Registrar and Share Transfer Agent i.e. Niche Technologies Pvt. Ltd., B-511, Bagree Market, 5th Floor, 71 B.R.B. Basu Road, Kolkatta-700001 about the changes, if any, in their registered address along with the Pin Code, quoting their Folio Number and DP ID. All correspondence relating to transfer of shares may be sent directly to the aforesaid Registrar and Share Transfer Agent of the Company.
13. With a view to using natural resources, we request shareholders to update their e-mail addresses with their depository participants if shares held in demat mode and with the Registrar if the shares are held in Physical



form.

14. Relevant documents referred to in accompanying Notice and Statements are open for inspection by the Members at the Registered Office of the company on all working days during business hours. Members may also note that the Notice of 37th Annual General Meeting and Annual Report for the year 2016-2017 is also available on the website of the Company www.kgpetro.in for their download.

15. Voting through electronic means

- a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide remote e-voting facility to the members of the Company to exercise their right to vote in respect of the resolutions to be passed at the 37th Annual General Meeting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
- b. The facility for voting through ballot 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 ballot paper. 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.
- c. The process and manner for remote e-voting are as under:
 - (i) The voting period begins on 18.09.2017 at 10.00 A.M. and ends on 20.09.2017 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 14.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on Shareholders.
 - (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the Image Verification as displayed and Click on Login.
 - (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (viii) If you are a first time user follow the steps given below:



| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of 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 in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none">• If both the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field as mentioned in instruction (iv). |

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

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

(xii) Click on the EVSN for the relevant Company Name i.e. KG Petrochem Limited on which you choose to vote.

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

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

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

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

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



- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) 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 them at 1800 200 5533
- d. Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting and that the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
16. Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote through e-mail at cssandeep@armsandassociates.com with a copy marked to helpdesk.evoting@cdslindia.com on or before 20/09/2017 up to 5 p.m. without which the vote shall not be treated as valid.
17. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 14/09/2017. A person who is not a member as on cut-off date should treat this notice for information purpose only.
18. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members / beneficial owners position list provided by depositories as at closing hours of business, on



11/08/2017.

19. The shareholders shall have one vote per equity share held by them as on the cut-off date of 14/09/2017. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
20. Since the Company is required to provide members the facility to cast their vote by electronic means to the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14/09/2017 and the shareholders not casting their vote electronically, may only cast their vote at the Annual General Meeting.
21. Notice of the AGM along with attendance slip, proxy form along with the process, instructions and the manner of conducting e-voting is being sent electronically to all the members whose e-mail IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of the same are being sent through the permitted mode.
22. Investors who became members of the Company subsequent to the dispatch of the Notice / Email and holds the shares as on the cut-off date i.e. 14/09/2017 are requested to send the written / email communication to the Company at jproffice21@bhavik.biz by mentioning their Folio No. / DP ID and Client ID to obtain the Login-ID and Password for e-voting.
23. Mr. Sandeep Jain of M/s. ARMS and Associates LLP, Practicing Company Secretary (FCS 5398) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner. The Scrutinizer will submit, not later than 3 days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
24. The results declared along with the report of Scrutinizer shall be placed on the website of the Company www.kgpetro.in and on the website of CDSL. The results shall also be forwarded to the Stock Exchange viz BSE Limited, where the shares of the company are listed.
25. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the brief profile of Directors eligible for appointment and re-appointment is given in the Annexure to the Notice forming part of Annual Report



**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)**

Item No. 4

Company has received a notice under section 160(1) of Companies Act, 2013 proposing the appointment Mrs. Prity Singhal as Director of the company. Board of directors on the recommendation of the Nomination and Remuneration Committee has approved her appointment subject to permission of the members. Now the resolution is proposed for the approval of members.

Mr. Prity Singhal is relative of Mr. Gauri Shanker Kandoi, Mr. Manish Singhal and Mrs. Savitri Kandoi, directors and promoters of the Company. None of the other directors KMP's are interested in the passing of the said resolution.

Item No. 5

On the recommendation of Nomination and Remuneration committee, Board of directors has approved increase in remuneration payable to Mr. Ramesh Chand Maheshwari, Whole Time Director of the company to Rs. 40000/- P.M. for the period 01.08.2016 to 31.07.2017. Now the resolution is proposed for the approval of members in compliance with the provisions of Companies Act 2013 read with Rules.

No director, key managerial personal promoters or their except Shri Ramesh Chand Maheshwari to whom the resolution relates, is interested in or concerned with the resolution.

The board recommends the resolution set forth in item number 5 for the approval of members

Item No. 6 to 9

Mrs. Prity Singhal is associated with the Company as an Executive Officer and look after marketing and production work and assist to Mr. Manish Singhal, Whole Time Director of the company. It is proposed to appoint her as director and the necessary resolution is proposed at item No. 4. On the recommendation of the nomination and remuneration committee, board of director of the company has consented to appoint her as whole time director of the company with effect from 01st October, 2017. Her tenure shall be valid upto 31st July, 2020. The remuneration payable to her shall be in the range of Rs.2,50,000/- to Rs.10,00,000/- per month depending upon her performance and subject to approval of Nomination and Remuneration Committee and Board of Directors.

The Members at the 34th Annual General Meeting held on Saturday, September 27, 2014 has approved the appointment of Mr Gauri Shanker Kandoi as Managing Director, Shri Manish Singhal as Whole Time Director and Shri Ramesh Chand Maheshwari as Whole-time Director of the Company for a period commencing from August 1, 2014 to July 31, 2017, including the terms of remuneration payable to them.

Based on the recommendation of the nomination and remuneration committee, consent of the board of directors was accorded to the re-appointment of Shri Gauri Shankar Kandoi as Managing Director and Shri Manish Singhal and Shri Ramesh Chand Maheshwari as Whole-Time Director for a period of 3 three years commencing from 1st August 2017 to 31st July 2020). It is proposed to fix a remuneration scale within which board on the recommendation of the nomination and remuneration committee may decide the remuneration payable to them on time to time basis. Except this point all other terms of re-appointment are similar to the terms approved earlier.

For details pertaining to remuneration drawn during FY 2016-17, please refer to the Corporate Governance Report.



Statement of Particulars pursuant to Schedule-V of The Companies Act, 2013

General Information

| | |
|--|--|
| Nature of industry | The Company is engaged in the business of manufacturing of Textiles, Garments, and distribution of Polymers with manufacturing facilities located at Rajasthan |
| Date or expected date of commencement of commercial production. | The Company is already in production from many years. |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable |
| Financial performance based on given indicators. | During the financial year ended on 31st March, 2016 the turnover of the Company was Rs.214.33 Crores and Profit Before Tax (PBT) was Rs.9.83 Crores. Whereas during the financial year ended on 31st March, 2017, the turnover of the Company is Rs.226.42 Crores and Profit Before Tax (PBT) is Rs. 16.14 Crores. The management has worked efficiently in the best interest of the Company and the Company is expanding its activities despite sluggish market conditions. |
| Foreign Investments or collaborators, if any. | No such investment or collaboration except minor shareholding of Non Resident Indians, if any. |

Information about the appointee

| Name | Gauri Shankar Kandoi | Manish Singhal | Ramesh Chand Maheshwari | Prity Singhal |
|---|---|---|--|---|
| Background Details | He is founder of the company. He has completed his B.E. in Mechanical from BITS Pilani and is having experience of about 55 years in running and managing the industries. | He is son of Shri Gauri Shankar Kandoi founder of the company. He has completed his B.Tech from IIT Delhi and M.S. in Chemicals from University of Florida, USA and is having experience of more than 20 years in management, production and marketing. | He is a commerce graduate and is having experience of more than 30 years in various industrial activities. | She is BCA and having experience of more than 10 years in production and export. |
| Past Remuneration | Rs.6,00,000 per month | Rs.6,00,000 per month | Rs.40,000 per month | 2,50,000 per month as an Executive Officer of the company |
| Job profile and his suitability | Managing Director looking after Management and Finance | Executive Director and looking after production and marketing | Executive Director looking after marketing | Executive Director and looking after production and export |
| Remuneration Scale proposed | Rs.6,00,000- Rs.20,00,000 per month | Rs.6,00,000- Rs.20,00,000 per month | Rs.40,000- Rs.1,00,000 per month | Rs.2,50,000- Rs.10,00,000 per month |
| Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person. | Taking into account the turnover of the Company and responsibilities and devotion of the directors, the remuneration being proposed to be paid to them is reasonable and in line with the remuneration levels in the industry across the country. | | | |
| Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. | Relative of Manish Singhal, Savitri Kandoi and Prity Singhal and holds 1428807 equity shares in the company | Relative of Gauri Shankar Kandoi, Savitri Kandoi and Prity Singhal and holds 1377625 equity shares in the company | Nil | Relative of Gauri Shankar Kandoi, Manish Singhal and Savitri Kandoi and not hold equity shares in the company |



Other Information

| | |
|--|---|
| Reasons of inadequate profit | Company has earned profit before tax of Rs.16.14 crores during the year ended 31.03.2017. The company has managed to increase the profit on year to year basis but still the profit is inadequate to meet the minimum payment required to retain the senior executives. |
| Steps taken or proposed to be taken for improvement | Company is taking steps to improve the sales and profit margin. Company is identifying new market and taking necessary steps to reduce cost. |
| Expected increase in the productivity and profits in measurable terms. | Company's turnover is increasing on year to year basis. It is expected to achieve growth of 10% on year to year basis. |

Disclosures

| | |
|---|---|
| Information on the remuneration package of the managerial personnel | The shareholders are notified of the remuneration package of managerial personnel through abstracts of terms circulated to them as well as explanatory statement annexed to the notice of meeting in which proposal of their appointment is placed before the shareholders. |
| Disclosure on remuneration package and other terms of Directors under 'Corporate Governance' Report | The Corporate Governance Report forms part of the Annual Report for the year and the remuneration package and other terms applicable to the Directors have been disclosed therein. |

Particulars of qualification, brief resume, area of expertise and other details of the proposed directors are provided in the Annexure attached to this Notice.

Mr. Gauri Shanker Kandoi, Mr. Manish Singhal, Mrs. Savitri Kandoi and Mr. Ramesh Chand Maheshwari are interested in the passing of the said resolutions. No other director, key managerial personal is interested in the passing of the said resolution.

The board recommends the resolution set forth in item number 6-9 for the approval of members.

By order of the Board of Director
For KG Petrochem Limited

Sd/-
Harshit Attar

Company Secretary
Membership No. - 41051

Date: 23/08/2017
Place: Jaipur



ANNEXURE TO THE NOTICE

INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT AND RE-APPOINTMENT

Brief resume of Mrs. Prity Singhal, Mr. Gauri Shanker Kandoi, Mr. Manish Singhal and Mr. Ramesh Chand Maheshwari, nature of their expertise in specific functional area and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees is as follows-

| Particulars | Mrs. Prity Singhal | Mr. Gauri Shanker Kandoi | Mr. Manish Singhal | Mr. Ramesh Chand Maheshwari |
|--|---|---|---|---|
| Din | 02664482 | 00120330 | 00120232 | 00091429 |
| Date of Birth | 03.12.1976 | 07.11.1943 | 10.08.1972 | 18.05.1960 |
| Age | 14.09.2017 | 74 Years | 45 Years | 57 years |
| Date of Appointment | Proposed in AGM | 05.09.1998 | 29.07.2013 | 29.07.2013 |
| Qualifications | BCA | B.E. Mechanical | B. Tech From IIT Delhi and M.S. in Chemical | Commerce Graduate |
| Experience in specific functional areas | Having experience of more than 10 years in production and export. | Having experience of about 55 years in running and managing the industries. | Having experience of more than 20 years in management, production and marketing | Having experience of more than 30 years in various industrial activities. |
| Directorship held in Other public company | Nil | 1 | Nil | Nil |
| Chairman/Member of the Audit Committee and Stakeholders' Grievance Committee in other public company | Nil | 2 | Nil | Nil |
| Maximum Remuneration (sought to be paid per month) | Rs.10,00,000 | Rs.20,00,000 | Rs.20,00,000 | Rs.1,00,000 |
| Number of shares held in the company | Nil | 1428807 | 1377625 | Nil |
| Relationship with other directors, manager and KMP of the company | Relative of Manish Singhal, Guari Shankar Kandoi and Savitri Kandoi | Relative of Savitri Kandoi Manish Singhal and Prity Singhal | Relative of Gauri Shanker Kandoi Savitri Kandoi and Prity Singhal | Not related with other directors, manager or KMP |
| Number of Board meeting attended during the year | 0 | 5 | 5 | 5 |
| Terms and Conditions of Appointment | As per explanatory statement | As per explanatory statement | As per explanatory statement | As per explanatory statement |
| Name of other Directors Interested in the Resolution | Gauri Shanker Kandoi, Manish Singhal and Savitri Kandoi | Manish Singhal and Savitri Kandoi | Gauri Shanker Kandoi and Savitri Kandoi | NIL |



BOARD'S REPORT

To,
The Members of
K G Petrochem Limited

Your Directors have pleasure in presenting this 37th Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2017.

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

| | 2016-2017 | 2015-2016 |
|---|------------------|------------------|
| Gross Income | 23052.77 | 21801.88 |
| Profit Before Interest and Depreciation | 3481.66 | 3050.82 |
| Interest Charges | 455.12 | 707.09 |
| Profit Before Depreciation | 3026.55 | 2343.73 |
| Depreciation | 1412.05 | 1360.95 |
| Net Profit Before Tax | 1614.50 | 982.78 |
| Provision for Tax | 718.88 | 55.90 |
| Net Profit After Tax | 895.61 | 926.88 |

REVIEW OF OPERATIONS

During the Financial Year, the performance of the company from revenue point of view was satisfactory as the Company has achieved turnover of Rs.22641.74 lacs as against Rs. 21432.63 Lacs in the preceding financial year. The profit before tax for the year Rs. 16.14 crores as compared to Rs. 9.83 crores in the previous year. The turnover was increased by 5.65% and PBT was increased by 64.19%. Profit after tax was decreased as compared to previous year due to higher tax burden. Further Segment wise result of operation is as under:-

Textile Division

During the year, its revenue from operation was Rs. 22561.57 lacs including export sales of Rs 18870.78 lacs (FOB) as against Rs. 21366.44 lacs including export of Rs. 16574.67 lacs in previous year, growth of 5.59 %. The division has performed well during the year under review.

Agency Division

During the year the agency division has sold HDPE/LLDPE Granules 19795.22 Mt. amounting to Rs. 20360.94 lacs in comparison of 16146.45 Mt. amounting of Rs. 16798.67 lacs and earned commission of Rs. 80.17 lacs as compared to last year Rs. 66.19 Lacs. The division has performed well during the year under review.

Garment Division



Garment division is doing 100% Job work only for Textile Division.

CHANGE IN NATURE OF BUSINESS, IF ANY

There was no change in the business of the Company during the financial year 2016-17.

DIVIDEND

In order to conserve the resources of company the directors are not recommending any dividend.

AMOUNTS TRANSFERRED TO RESERVES

During the Financial year 2016-17, company has withdrawn Rs. 85.45 Lacs being the proportionate amount of depreciation on the Capital Subsidy received from government under TUFs scheme. The amount was transferred to profit and loss account. The profit after tax of Rs.8.96 crores of the current year is carried to surplus account.

INVESTOR EDUCATION AND PROTECTION FUND

There was no unclaimed / unpaid dividend, hence the company is not required to transfer any amount to Investor Education and Protection Fund (IEPF) pursuant to sections 124 and 125 of the Companies Act, 2013 and other applicable provisions.

SHARE CAPITAL

There was no any change in share capital of the company during the financial year 2016-17.

MATERIAL CHANGES AND COMMITMENTS

No material changes have occurred and commitments made, affecting the financial position of the company, between the end of the financial year of the company and the date of this report.

There is no order passed by any regulator or court or tribunal against the company, impacting the going concern concept or future operations of the company.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The company's internal control system is commensurate with the size, scale and complexity of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks with best practices in the industry. The internal audit is entrusted to M/s. Arpit Vijay & Co, Chartered Accountants. The Internal Auditor of the company conduct the audit on quarterly basis and Audit Committee actively review the Internal Audit Report. The Management with Audit Committee periodically reviews the Internal Control System and procedure for the efficient conduct of the business.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of Nomination and Remuneration Committee, the Board appointed Mr. Harshit Attar, as a Company Secretary of the company with effect from May 27, 2016.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Mrs. Prity Singhal for the office of Director and thus her appointment is proposed in the ensuing AGM.

As per the provisions of the Companies Act, 2013, Mr. Manish Singhal will retire by rotation at the ensuing AGM and being eligible offered himself for re-appointment. The Board recommends his re-appointment.

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

BOARD AND COMMITTEE MEETINGS

The details of board and committee meetings held during the financial year 2016-17 are set out in Corporate Governance Report forming part of this report. The provisions of Companies Act, 2013, Secretarial Standard I and Listing Regulations were adhered to while considering the time gap between two meetings.

EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year



under review. More details on the same are given in the Corporate Governance Report.

The Company has prepared an annual performance evaluation policy for performance evaluation of Independent Directors, Board and the Committees.

Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

REMUNERATION POLICY

In accordance with the provisions of Section 178 of the Companies Act 2013 Company has Nomination and Remuneration policy in place and the same is given in the Corporate Governance Report forming part of this Report.

CREDIT RATING

ICRA has assigned a long-term rating of **ICRA BBB** (pronounced ICRA Triple B) and short-term rating of ICRA A3+ (ICRA A three Plus) vide letter dated 20.07.2017. **ICRA BBB** this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. **ICRA] A3+** Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, Company has constituted Internal Complaints Committees (ICC) to look into complaints relating to sexual harassment at work place of any women employee. During the financial year ended 31st March, 2017, the Company did not receive any compliant and no compliant was pending at beginning and at the end of the year.

LISTING STATUS

Shares of the Company are listed on the Bombay Stock Exchange.

SUBSIDIARIES/ASSOCIATES/JOINT VENTURES

The company does not have any subsidiary/associate/joint venture.

BOARD COMMITTEES

The board of directors of the Company constituted the following Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholder Relationship Committee
- d. Corporate Social Responsibility (CSR) Committee

The Committees composition, caharters and meetings held during the year and attendance thereat , are given in the Report on Corporate Governance forming part of the Annual Report.

VIGIL MECHANISM

The Company has formulated a vigil mechanism (whistle blower policy) for its directors and employees of the Company for reporting genuine concerns about unethical practices and suspected or actual fraud or violation of the code of conduct of the Company as prescribed under the Companies Act, 2013 and Regulation 22(1) of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015. This vigil mechanism shall provide a channel to the employees and Directors to report to the management concerns about unethical behavior, and also provide for adequate safeguards against victimization of persons who use the mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.kgpetro.in>.



CODE OF CONDUCT

Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the CEO & Whole Time Director is attached as **Annexure 'I'** which forms a part of this Report.

The Code of Conduct is available on the Company's website www.kgpetro.in

HUMAN RESOURCE MANAGEMENT, HEALTH AND SAFETY

During the year the Company had cordial relations with workers, staff and officers. The shop floor management is done through personal touch, using various motivational tools and meeting their training needs requirements. The company has taken initiative for safety of employees and implemented regular safety audit, imparted machine safety training, wearing protective equipment's etc.

The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. There were 604 regular employees as at March 31, 2017.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 134(3)(q) and Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, regarding employees is given in **Annexure 'II'**.

There was no employee in the company drawing remuneration in excess of the limits set out in the Rule 5(2) and 5(3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules 2014.

EXTRACT OF ANNUAL RETURN

The particulars required to be furnished under Section 134(3)(a) of the Companies Act, 2013 read with Companies(Management and Administration) Rules, 2014 as prescribed in Form No. MGT-9 is given in **Annexure 'III'**.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. During the Year, the company has not entered into any contracts / arrangements / transactions with related parties which could be considered material in accordance with the policy of the company on materiality of related party transaction, hence Form No. AOC-2 is not applicable to the company.

CORPORATE SOCIAL RESPONSIBILITY

The Company has CSR policy in place and the same can be accessed at http://kgpetro.in/corporate_responsibility.php. The annual report on CSR activities is annexed as **Annexure IV**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

Information on conservation of energy, technology absorption, foreign exchange earnings and out go pursuant to sec. 134 of the Companies Act, 2013 read with Rule of the Companies (Accounts) Rules, 2014 is given in "**Annexure V**" of the report.

CORPORATE GOVERNANCE

A separate report of the Board of Directors of the Company on Corporate Governance is included in the Annual Report as **Annexure 'VI'** and the Certificate from CS Sandeep Kumar Jain, Practicing Company Secretaries confirming compliance with the requirements of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed as **Annexure 'VII'**.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report, as required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in **Annexure 'VIII'**.

STATUTORY AUDITORS AND REPORT THEREON



Pursuant to the provisions of Section 139 of the Act and the rules framed there under, R Sogani & Associates, Chartered Accountants, (FRN 018755C) was appointed as statutory auditors of the Company from the conclusion of the thirty fourth annual general meeting (AGM) of the Company held on September 27, 2014 till the conclusion of the thirty-ninth annual general meeting to be held in the year 2019, subject to ratification of their appointment at every AGM. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of R Sogani & Associates, Chartered Accountants, as statutory auditor of the Company is placed for ratification by the shareholders.

Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has received certificate from the Auditors to the effect, inter-alia, that their re-appointment, would be within the limits laid down by the Act and that they are not disqualified for such re-appointment under the provisions of applicable laws

The observation of the Auditors in their report read with relevant notes on the accounts, as annexed are self-explanatory and need no elaboration.

SECRETARIAL AUDIT AND REPORT

According to provision of the section 204 of the Companies Act 2013 read with rule 9 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report Submitted by M/s Arms & Associates LLP, Practicing Company Secretaries, for the financial year ended 31st March, 2017 is annexed herewith for your kind perusal and information. **(Annexure -IX)**

COST AUDIT

As per Sub Rule (3) of Rule 4 of Companies (Cost Records & Audit), Rules, 2014, Cost Audit for the FY 2016-17 is not applicable on the company as the export turnover of the company is more than 75% of its total turnover.

LOANS, GUARANTEES AND INVESTMENTS U/s 186.

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable for the F.Y. 2016-17.

DEPOSITS

Your company has not accepted any deposit and accordingly no amount was outstanding as at the Balance Sheet date.

DEMATERIALISATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2017, 97.11% of the share capital stands dematerialized.

PREVENTION OF INSIDER TRADING

Pursuant to the provisions of the regulations, the Board has formulated and implemented a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information. The same is available on the Company's website i.e. <http://www.kgpetro.in>

CAUTIONARY STATEMENT

Statements in this report, describing the Company's objectives, expectations and/or anticipations may be forward looking within the meaning of applicable Securities Law and Regulations. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of the forward-looking statements, which may undergo changes in future on the basis of subsequent developments, information or events.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 the Board of Directors of the Company confirms 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.

APPRECIATION

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

For and on behalf of the Board of Directors
KG Petrochem Limited

Date: 23.08.2017
Place: JAIPUR

Manish Singhal
Whole Time Director
DIN : 00120232

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

ANNEXURE-I

Annual Compliance with the Code of Conduct for the Financial Year 2016-2017

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2017 from all the Board Members and Senior Management Personnel.

For and on behalf of the Board of Directors
KG Petrochem Limited

Date: 23.08.2017
Place: JAIPUR

Gauri Shanker Kandoi
Chairman & Managing Director
DIN NO. : 00120330



ANNEXURE – II

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) AND SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| S. N O. | Requirement of Rule 5(1) | Details | | | | | | | | | | | | | | | | | | |
|---|--|---|---|----------------------------------|--------------------|-----------|--|----------|------------------------------------|---------|-------------------------------------|--------|-------|---------|---------------|--------|-------|------|-------|--------|
| 1. | The ratio of the remuneration of each Director to the median employees of the company for the financial year. | 1.Shree Gauri Shanker Kandoi: 68.06 2. Shree Manish Singhal: 68.06 3. Shree Ramesh Chand Maheswari: 4.98 None of the other directors received any remuneration during the Financial Year 2016-17. | | | | | | | | | | | | | | | | | | |
| 2. | The percentage increase in remuneration of each Director Chief Financial Officer, Company Secretary ,Chief Executive Officer or Manager, if any, in the Financial Year | <u>Director:</u> 1.Shri GauriShankerKandoi: 50.00% 2. Shri Manish Singhal:50.00% 3. Shri Ramesh Chand Maheswari:08.11% <u>Key Managerial Personnel :</u> 1. Shri Shiv Ratan Sharma.: 9.18% 2. Mr. Harshit Attar : N/A (Date of Joining 27.05.2016) | | | | | | | | | | | | | | | | | | |
| 3. | The percentage increase in the median remuneration of the employees in the Financial Year | 15.57 | | | | | | | | | | | | | | | | | | |
| 4. | The number of the permanent employee on the roll of the company | 604 Employees as on 31.03.2017. | | | | | | | | | | | | | | | | | | |
| 5. | The explanation on the relationship between average increase in the remuneration and company performance; | (i) Increase in salary is based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks. (ii) The company's Profit Before Depreciation has increased 29.13%. | | | | | | | | | | | | | | | | | | |
| 6. | Comparison of the remuneration of the KMP against the performance of the company; | <table border="1"> <tr> <td>Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2016-17 (Rs. Lacs)</td> <td align="right">140.66</td> </tr> <tr> <td>Revenue (Rs. Lacs)</td> <td align="right">22641.74</td> </tr> <tr> <td>Remuneration of KMP's (as % of Income)</td> <td align="right">0.62. %</td> </tr> <tr> <td>Profit before Tax (PBT) (Rs. Lacs)</td> <td align="right">1614.50</td> </tr> <tr> <td>Remuneration of KMP's (as % of PBT)</td> <td align="right">08.71%</td> </tr> </table> | Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2016-17 (Rs. Lacs) | 140.66 | Revenue (Rs. Lacs) | 22641.74 | Remuneration of KMP's (as % of Income) | 0.62. % | Profit before Tax (PBT) (Rs. Lacs) | 1614.50 | Remuneration of KMP's (as % of PBT) | 08.71% | | | | | | | | |
| Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2016-17 (Rs. Lacs) | 140.66 | | | | | | | | | | | | | | | | | | | |
| Revenue (Rs. Lacs) | 22641.74 | | | | | | | | | | | | | | | | | | | |
| Remuneration of KMP's (as % of Income) | 0.62. % | | | | | | | | | | | | | | | | | | | |
| Profit before Tax (PBT) (Rs. Lacs) | 1614.50 | | | | | | | | | | | | | | | | | | | |
| Remuneration of KMP's (as % of PBT) | 08.71% | | | | | | | | | | | | | | | | | | | |
| 7. | Variation in the market capitalisation of the company, price earnings ratio as on 31.03.2017 | <table border="1"> <thead> <tr> <th>Date</th> <th>Market Price in Rs.(BSE)</th> <th>EPS in Rs.</th> <th>P/E Ratio</th> <th>Market Capitalisation (In crore)</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>31 March 2016</td> <td align="right">55.60</td> <td align="right">17.75</td> <td align="right">3.13</td> <td align="right">29.03</td> <td align="right">169.90%</td> </tr> <tr> <td>31 March 2017</td> <td align="right">100.00</td> <td align="right">17.15</td> <td align="right">5.83</td> <td align="right">52.21</td> <td align="right">79.85%</td> </tr> </tbody> </table> | Date | Market Price in Rs.(BSE) | EPS in Rs. | P/E Ratio | Market Capitalisation (In crore) | % Change | 31 March 2016 | 55.60 | 17.75 | 3.13 | 29.03 | 169.90% | 31 March 2017 | 100.00 | 17.15 | 5.83 | 52.21 | 79.85% |
| Date | Market Price in Rs.(BSE) | EPS in Rs. | P/E Ratio | Market Capitalisation (In crore) | % Change | | | | | | | | | | | | | | | |
| 31 March 2016 | 55.60 | 17.75 | 3.13 | 29.03 | 169.90% | | | | | | | | | | | | | | | |
| 31 March 2017 | 100.00 | 17.15 | 5.83 | 52.21 | 79.85% | | | | | | | | | | | | | | | |
| 8. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison | Average salary increase of non- managerial employees is: 12% Average salary increase of managerial employees is :22% | | | | | | | | | | | | | | | | | | |



| | | | | | | | |
|-----|---|---|-------------------------------|-----------------------------------|--------------------------------------|------------------------------|---------------------------|
| | with the % increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | The average increase in remuneration of all employees are decided based on the company's policy, individual's performance, inflation and prevailing industry trend. | | | | | |
| 9. | Comparison of the each remuneration of the company of the KMP against the performance of the company. | Particulars | Shri GauriShankerKandoi (CMD) | Shri Manish Singhal (Director) | Shri Ramesh chandMaheswari(Director) | Shri Shiv Ratan Sharma (CFO) | Shri Hars hit Attar (CS)* |
| | | Remuneratio n of Key Managerial Personnel (KMP) in FY 2016-17 (Rs. Lacs) | 64.00 | 64.00 | 4.68 | 5.83 | 2.16 |
| | | Revenue (Rs. Lacs) | 22641.74 | | | | |
| | | Remuneratio n of KMP's (as % of Income) | 0.28 | 0.28 | 0.02 | 0.03 | 0.01 |
| | | Profit before Tax (PBT) (Rs. Lacs) | 1614.50 | | | | |
| | | Remuneratio n of KMP's (as % of PBT) | 3.96 | 3.96 | 0.29 | 0.36 | 0.13 |
| | | * Appointed on 27.05.2016 | | | | | |
| 10. | The key parameters for any variable component of remuneration availed by the directors | The key parameters for any variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendations of the Nomination and Remuneration Committee of the company. | | | | | |
| 11. | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receiveremuneration in excess of the highest paid Director during the year; | No employee received remuneration higher than the Chairman cum Managing Director. | | | | | |
| 12. | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes | | | | | |
| 13 | Top 10 Employees of the company (In terms of Remuneration) | Name of Employee | | Annual Remuneration in Rs. | | | |
| | | 1. Mr. Gauri Shanker Kandoi Chairman cum Managing Director | | 64,00,000 | | | |
| | | 2. Mr. Manish Singhal Whole Time Director | | 64,00,000 | | | |
| | | 3. Mrs. Prity Singhal Senior Executive | | 27,50,000 | | | |
| | | 4. Mr.Vivek Singhal GM (Agency Division) | | 10,50,000 | | | |
| | | 5. Mr. BhaskarGurav Manager (Printing) | | 9,90,000 | | | |
| | | 6. Mrs Ritu Singhal Executive | | 9,00,000 | | | |
| | | 7. Mr. Harsh Khanna C.E.O (Production) | | 7,80,000 | | | |
| | | 8. Mr. Prashant Girdhar General Manager, (Marketing) | | 7,50,000 | | | |
| | | 9. Arvind Kumar Mishra, D.G.M (Process) | | 7,44,000 | | | |
| | | 10. Mr. L.K. Jha, Manager (Process) | | 6,96,000 | | | |



ANNEXURE – III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

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

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|---|---|
| i | CIN | L24117RJ1980PLC001999 |
| ii | Registration Date | 29th February 1980 |
| iii | Name of the Company | K G PETROCHEM LIMITED |
| iv | Category/Sub-category of the Company | Public Company/ Limited with Shares |
| v | Address of the Registered office & contact details | C-171, Road No. 9J, VK I Area, Jaipur-302013 |
| vi | Whether listed company | Listed |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | Niche Technologies Pvt. Ltd. D-511, Bagri Market, 5th Floor 71, B.R.B Basu Road, Kolkatta-700 001 |

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 & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Cotton Terry Towel | 131 | 99.65 |

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| SI No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|-------------------------------|---------|--------------------------------|------------------|--------------------|
| 1 | N.A. | | | | |



IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2016) | | | | No. of Shares held at the end of the year (31.03.2017) | | | | % change during the year Increased/(Decreased) |
|---|---|----------|---------|-------------------|---|----------|---------|-------------------|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 3897332 | - | 3897332 | 74.65 | 3897332 | - | 3897332 | 74.65 | 0.000 |
| b) Central Govt.or State Govt. | - | - | - | - | - | - | - | - | 0.000 |
| c) Bodies Corporates | - | - | - | - | - | - | - | - | 0.000 |
| d) Bank/FI | - | - | - | - | - | - | - | - | 0.000 |
| e) Any other | - | - | - | - | - | - | - | - | 0.000 |
| SUB TOTAL:(A) (1) | 3897332 | - | 3897332 | 74.65 | 3897332 | - | 3897332 | 74.65 | 0.000 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | 0.000 |
| b) Other Individuals | - | - | - | - | - | - | - | - | 0.000 |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | 0.000 |
| d) Banks/FI | - | - | - | - | - | - | - | - | 0.000 |
| e) Any other... | - | - | - | - | - | - | - | - | 0.000 |
| SUB TOTAL (A) (2) | - | - | - | - | - | - | - | - | 0.000 |
| Total Shareholding of Promoter | | | | | | | | | |
| (A)= (A)(1)+(A)(2) | 3897332 | - | 3897332 | 74.65 | 3897332 | - | 3897332 | 74.65 | 0.000 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | 0.000 |
| b) Banks/FI | - | - | - | - | - | - | - | - | 0.000 |
| c) Central govt | - | - | - | - | - | - | - | - | 0.000 |
| d) State Govt. | - | - | - | - | - | - | - | - | 0.000 |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | 0.000 |
| f) Insurance Companies | - | - | - | - | - | - | - | - | 0.000 |
| g) FIIS | - | - | - | - | - | - | - | - | 0.000 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | 0.000 |
| i) Others (specify) | - | - | - | - | - | - | - | - | 0.000 |
| SUB TOTAL (B)(1): | - | - | - | - | - | - | - | - | 0.000 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 213315 | 52600 | 265915 | 5.093 | 211820 | 53600 | 265420 | 5.084 | -0.009 |
| ii) Overseas | - | - | - | - | - | - | - | - | 0.000 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs | 74158 | 108750 | 182908 | 3.503 | 59400 | 97250 | 156650 | 3.000 | -0.503 |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 618148 | 253900 | 872048 | 16.703 | 900221 | 0 | 900221 | 17.242 | 0.540 |
| c) Others (specify) | - | - | - | - | - | - | - | - | 0.000 |
| i) Non Resident Indian | 862 | - | 862 | 0.017 | 465 | - | 465 | 0.009 | -0.008 |
| ii) Clearing Members | 1935 | - | 1935 | 0.037 | 912 | - | 912 | 0.017 | -0.020 |
| SUB TOTAL (B)(2): | 908418 | 415250 | 1323668 | 25.353 | 1172818 | 150850 | 1323668 | 25.353 | 0.000 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 908418 | 415250 | 1323668 | 25.353 | 1172818 | 150850 | 1323668 | 25.353 | 0.000 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | 0.000 |
| Grand Total (A+B+C) | 4805750 | 415250 | 5221000 | 100.00 | 5070150 | 150850 | 5221000 | 100 | 0.000 |



(ii) SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | BAL DEV DAS GAURI SHANKER KANDOI HUF | 330400 | 6.328 | 0.00 | 330400 | 6.328 | 0.00 | 0.00 |
| 2 | GAURI SHANKER KANDOI | 1428807 | 27.367 | 0.00 | 1428807 | 27.367 | 0.00 | 0.00 |
| 3 | MANISH SINGHAL | 1377625 | 26.386 | 0.00 | 1377625 | 26.386 | 0.00 | 0.00 |
| 4 | MANISH SINGHAL HUF | 340000 | 6.512 | 0.00 | 340000 | 6.512 | 0.00 | 0.00 |
| 5 | SAVITRI KANDOI | 420500 | 8.054 | 0.00 | 420500 | 8.054 | 0.00 | 0.00 |
| | Total | 3897332 | 74.65 | 0.00 | 3897332 | 74.65 | 0.00 | 0.00 |

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

| Sl. No. | Name of the Promotor | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---------|--|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Shri Manish Singhal | | | | |
| | At the beginning of the year | 1377625 | 26.386 | | |
| | Changes during the year | No any change in shareholding during the year. | | | |
| | At the end of the year | | | 1377625 | 26.386 |
| 2 | Shri Gauri Shanker Kandoi | | | | |
| | At the beginning of the year | 1428807 | 27.367 | | |
| | Changes during the year | No any change in shareholding during the year. | | | |
| | At the end of the year | | | 1428807 | 27.367 |
| 3 | Shri Manish Singhal (HUF) | | | | |
| | At the beginning of the year | 340000 | 6.512 | | |
| | Changes during the year | No any change in shareholding during the year. | | | |
| | At the end of the year | | | 340000 | 6.512 |
| 4 | Bal Dev Das Gauri Shanker Kandoi (HUF) | | | | |
| | At the beginning of the year | 330400 | 6.328 | | |
| | Changes during the year | No any change in shareholding during the year. | | | |
| | At the end of the year | | | 330400 | 6.328 |
| 5 | Savitri Kandoi | | | | |
| | At the beginning of the year | 420500 | 8.054 | | |
| | Changes during the year | No any change in shareholding during the year. | | | |
| | At the end of the year | | | 420500 | 8.054 |
| | TOTAL | 3897332 | 74.647 | 3897332 | 74.647 |



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No | For Each of the Top 10 Shareholders | Shareholding at the end 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 |
| 1 | SANJAY BANSAL | | | | |
| | a) At the Beginning of the Year | 260175 | 4.983 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 260175 | 4.983 |
| 2 | VANDITA JAIN | | | | |
| | a) At the Beginning of the Year | 0 | 0.000 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | Date Reason | | | | |
| | 07/10/2016 Transfer | 253900 | 4.863 | 253900 | 4.863 |
| | c) At the End of the Year | | | 253900 | 4.863 |
| 3 | M T FINANCIAL SERVICES PRIVATE LIMITED | | | | |
| | a) At the Beginning of the Year | 210000 | 4.022 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 210000 | 4.022 |
| 4 | VIDIT JAIN | | | | |
| | a) At the Beginning of the Year | 176806 | 3.386 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 176806 | 3.386 |
| 5 | SIDDHARTH KEDIA | | | | |
| | a) At the Beginning of the Year | 102300 | 1.959 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 102300 | 1.959 |
| 6 | PRUDENTIAL CAPITAL MARKETS LTD. | | | | |
| | a) At the Beginning of the Year | 52600 | 1.007 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 52600 | 1.007 |
| 7 | MANIK CHAND FOGLA | | | | |
| | a) At the Beginning of the Year | 35200 | 0.674 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | c) At the End of the Year | | | 35200 | 0.674 |
| 8 | MONISHA AGARWAL | | | | |
| | a) At the Beginning of the Year | 0 | 0.000 | | |
| | b) Changes during the year | [NO CHANGES DURING THE YEAR] | | | |
| | Date Reason | | | | |
| | 11/11/2016 Transfer | 5294 | 0.101 | 5294 | 0.101 |
| | 18/11/2016 Transfer | 302 | 0.006 | 5596 | 0.107 |
| | 25/11/2016 Transfer | 7188 | 0.138 | 12784 | 0.245 |
| | 02/12/2016 Transfer | 1000 | 0.019 | 13784 | 0.264 |
| | 09/12/2016 Transfer | 1500 | 0.029 | 15284 | 0.293 |
| | 31/12/2016 Transfer | 100 | 0.001 | 15384 | 0.295 |
| | c) At the End of the Year | | | 15384 | 0.295 |



| | | | | | |
|----|---------------------------------|---------------|---------------|----------------|---------------|
| 9 | NEELAM MITTAL | | | | |
| | a) At the Beginning of the Year | 0 | 0.000 | | |
| | b) Changes during the year | | | | |
| | Date Reason | | | | |
| | 17/06/2016 Transfer | 12064 | 0.231 | 12064 | 0.231 |
| | 24/06/2016 Transfer | 280 | 0.005 | 12344 | 0.236 |
| | 30/06/2016 Transfer | 1305 | 0.025 | 13649 | 0.261 |
| | 08/07/2016 Transfer | 162 | 0.003 | 13811 | 0.265 |
| | 11/11/2016 Transfer | 1543 | 0.030 | 15354 | 0.294 |
| | 18/11/2016 Transfer | -1903 | 0.036 | 13451 | 0.258 |
| | 02/12/2016 Transfer | 5 | 0.000 | 13456 | 0.258 |
| | 09/12/2016 Transfer | 1460 | 0.028 | 14916 | 0.286 |
| | 23/12/2016 Transfer | 400 | 0.008 | 15316 | 0.293 |
| | 13/01/2017 Transfer | 161 | 0.003 | 15477 | 0.296 |
| | 20/01/2017 Transfer | 57 | 0.001 | 15534 | 0.298 |
| | 27/01/2017 Transfer | 713 | 0.014 | 16247 | 0.311 |
| | 03/02/2017 Transfer | 276 | 0.005 | 16523 | 0.316 |
| | 31/03/2017 Transfer | 392 | 0.008 | 16915 | 0.324 |
| | c) At the End of the Year | | | 16915 | 0.324 |
| 10 | ANJU AGARWAL | | | | |
| | a) At the Beginning of the Year | 0 | 0.000 | | |
| | b) Changes during the year | | | | |
| | Date Reason | | | | |
| | 11/11/2016 Transfer | 5500 | 0.105 | 5500 | 0.105 |
| | 18/11/2016 Transfer | 644 | 0.012 | 6144 | 0.118 |
| | 25/11/2016 Transfer | 8212 | 0.157 | 14356 | 0.275 |
| | c) At the End of the Year | | | 14356 | 0.275 |
| | T O T A L | 837081 | 16.033 | 1137636 | 21.790 |

(v) Shareholding of Directors & KMP

| Sl. No | For Each of the Directors & KMP | Shareholding at the end of the year | | Cumulative Shareholding during the | |
|--------|---------------------------------|-------------------------------------|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | Shri Manish Singhal | | | | |
| | At the beginning of the year | 1377625 | 26.386 | | |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | | | 1377625 | 26.386 |
| 2 | Shri Gauri Shanker Kandoi | | | | |
| | At the beginning of the year | 1428807 | 27.367 | | |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | | | 1428807 | 27.367 |
| 3 | Savitri Kandoi | | | | |
| | At the beginning of the year | 420500 | 8.054 | | |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | | | 420500 | 8.054 |
| 4 | Ramesh Chand Maheswari | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | | | 0 | 0 |
| 5 | Shiv Ratan Sharma | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | 0 | 0.00 | 0 | 0 |
| 6 | Mr. Harshit Attar | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | Changes during the year | | | No any change in shareholding during the year. | |
| | At the end of the year | | | 0 | 0 |



| Indebtedness of the Company including interest outstanding/accrued but not due for payment | | | | | |
|--|----------------------------------|-----------------|----------|--------------------|--|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness | |
| Indebtedness at the beginning of the financial year | | | | | |
| i) Principal Amount | 10739.12 | - | - | 10739.12 | |
| ii) Interest due but not paid | - | - | - | | |
| iii) Interest accrued but not due | - | - | - | | |
| Total (i+ii+iii) | 10739.12 | - | - | 10739.12 | |
| Change in Indebtedness during the financial year | | | | | |
| Additions | 1707.72 | - | - | 1707.72 | |
| Reduction | 1071.97 | - | - | 1071.97 | |
| Net Change | 635.75 | - | - | 635.75 | |
| Indebtedness at the end of the financial year | | | | | |
| i) Principal Amount | 11374.87 | - | - | 11374.87 | |
| ii) Interest due but not paid | - | - | - | - | |
| iii) Interest accrued but not due | - | - | - | - | |
| Total (i+ii+iii) | - | - | - | - | |

VI **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
A. **Remuneration to Managing Director, Whole time director and/or Manager:**

(Amount in Lacs)

| Sl.No | Particulars of Remuneration | Name of the MD/WTD/Manager | | | Total Amount |
|-------|--|---|----------------|-----------------|--------------|
| | | G.S. Kandoi | Manish Singhal | R.C. Maheshwari | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. | 64 | 64 | 4.68 | 132.68 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | | | | |
| | as % of profit | | | | |
| | others (specify) | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (A) | 64 | 64 | 4.68 | 132.68 |
| | Ceiling as per the Act | Rs. 169.83 Lacs (being 10% of net profit of the company calculated as per section 198 of the companies Act, 2013) | | | |



B. Remuneration to other directors: (Amount in Lacs)

| Sl.No | Particulars of Remuneration | Name of the Directors | | | | Total Amount |
|-------|--|--|-----------------------|----------------------------|--------------------------|--------------|
| 1 | Independent Directors | RAMESHWAR PAREEK | KAMLESH SHARMA | RADHEY SHYAM GEMINI | RAJ KUMAR AGARWAL | |
| | (a) Fee for attending board committee meetings | Nil | Nil | Nil | Nil | Nil |
| | (b) Commission | Nil | Nil | Nil | Nil | Nil |
| | (c) Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | Nil | Nil | Nil | Nil | Nil |
| 2 | Other Non Executive Directors | SAVITRI KLANDOI | NIL | Nil | Nil | |
| | (a) Fee for attending board committee meetings | Nil | Nil | Nil | Nil | Nil |
| | (b) Commission | Nil | Nil | Nil | Nil | Nil |
| | (c) Others, please specify. | Nil | Nil | Nil | Nil | Nil |
| | Total (2) | | | | | |
| | Total (B)=(1+2) | Nil | Nil | Nil | Nil | Nil |
| | Total Managerial Remuneration | Nil | Nil | Nil | Nil | Nil |
| | Overall Cieling as per the Act. | Rs. 16.98 Lacs (being 1%of net profit of the company calculated as per section 198 of the Companies Act, 2013) | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in Lacs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|--------------------------|------------|--------------|
| 1 | Gross Salary | CEO | Company Secretary | CFO | Total |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 64 | 2.16 | 5.83 | 71.99 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission as % of profit others, specify | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total | 64 | 2.16 | 5.83 | 71.99 |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|---------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| B. DIRECTORS | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |



ANNEXURE-IV

BRIEF OUTLINE OF THE COMPANY'S CSR POLICY

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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: *Refer Corporate Social Responsibility Policy in this Report.*
2. The composition of the CSR Committee:
 1. Mr. Gauri Shanker Kandoi
 2. Mr. Manish Singhal
 3. Mr. Raj Kumar Agarwal
3. Average net profit of the company for last three financial years: Rs.826.79 Lacs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 16.54 Lacs
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year: Rs.16.54 lacs
 - (b) Total amount spent: Rs.25.94 lacs
 - (c) Amount unspent, if any: Rs.Nil

Manner in which the amount spent during the Financial Year:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------|---|-------------------------------------|--|--|---|---|--|
| S. No. | CSR project or activity identified | Sector in which the project Covered | Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget project or programme wise) | Amount spent on the project or programme Sub Heads; Direct expenditure on projects or programmes Overheads (Rs.) | Cumulative expenditure up to the reporting period | Amount Spent direct or through implementing agency |
| 1 | Promoting education including special education to girl child and differently abled and livelihood enhancement projects | Education | Village Ram Singhpura Tehsil: Kotputli Dist: Jaipur | 20000 | 15000 | 15000 | Agency Implementation |
| 2 | Promotion of Rural Sports | Sports | Village Ram Singhpura Tehsil: Kotputli Dist: Jaipur | 40000 | 35000 | 50000 | Agency Implementation |
| 3 | Water supply including drinking water | Health | Keshwana Tehsil: Kotputli Dist: Jaipur | 2700000 | 2544000 | 2594000 | Direct |
| | Total | | | 2760000 | 2594000 | | |

It is hereby confirmed that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and policy of the Company.

(Gauri Shanker Kandoi)
CEO & Chairperson of CSR Committee
(DIN-00120330)



ANNEXURE-V

CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC.

Information on conservation of Energy, Technological absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided here under:

| | |
|---|--|
| <p>A. Conservation of Energy (i.) The step taken or impact on conservation of energy</p> | <p>Your Company upholds Safety, Health and Environment as non-negotiable values. The Company's Safety approach not only encompasses employees and assets, but also the communities that it operates in. An environment of safe work, safe behavior and safe travel is achieved through implementation and internalisation of your Company's vision of an injury-free organisation. The Company continues to give major emphasis for conservation of energy, and the measures taken in the previous year were continued. The efficiency of the Energy Utilization at each plant is monitored at the Corporate level every quarter, in order to achieve effective conservation of energy. The significant energy conservation measures bring the year were as follows:</p> <ol style="list-style-type: none"> a. Switching of machine/equipment immediately after use and fixing of timer to avoid over usages of water pumps. b. Celebrating National Safety Day each year. c. Use of power capacitors to improve the power factor. d. Creating awareness among employees about the necessity of energy consumption. e. Providing transparent sheets on the roof where there is no false celling to switch off lights during the day time. f. Using agro waste to generate steam in the Boiler which improves the environment. g. Using Variable Frequency Driver (VFD) on compressor to reduce power consumption. |
| <p>(ii) the steps taken by the company for utilizing alternate source of the energy.</p> | <p>NIL</p> |
| <p>(iii) the capital investment in energy conservation equipment.</p> | <p>NIL</p> |
| <p>(B.) Technology Absorption (i) the efforts made towards technology absorption</p> | <p>Efforts are being made towards improvements</p> |
| <p>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution</p> | <p>The benefits derived are:-</p> <ol style="list-style-type: none"> a. Improved quality and productivity. b. Conservation of fuel & reduced emissions. |
| <p>(iii) in case of imported technology(imported during the last three years reckoned from the beginning of the financial year)</p> <ol style="list-style-type: none"> a. The details of the technology imported. b. The year of import. c. Whether the technology been fully absorbed. d. If not fully absorbed, areas whether absorption has not taken place and reasons thereof | <p>NIL</p> |
| <p>(C) Foreign exchange earning & outgo</p> | <p>Foreign exchange earnings: Rs.18870.78 lacs Foreign exchange used :Rs. 412.84 lacs</p> |



ANNEXURE-VI

REPORT ON CORPORATE GOVERNANCE

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at K G Petrochem Limited is as under:

I. Company's Philosophy on Corporate Governance Code:

Transparency and accountability are the two basic tenets of Corporate Governance. At KG Petrochem Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above. To succeed, we believe, requires highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we have an impact. Corporate Governance is about creditability, transparency, and accountability of the Board and Management towards shareholders and other investors of the Company. We believe in a Board of appropriate size and commitment to adequately discharge its responsibilities and duties. We consistently review on a periodical basis all the systems, policies and delegations so as to establish an adequate and sound system of risk management and internal control.

II. Board of Directors

(a) Board composition and category of Directors

The Company's policy is to maintain optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.

The company is managerial and controlled through a professional body of Board of Directors. The strength of the Board of the Directors as on 31.03.2017 is eight, out of which three are Executive Director one Non-Executive director and four are Non-Executive Independent Director. The Independent directors do not have any pecuniary relationship or transaction with company, which may affect independence in any manner.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Reg. 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Composition of the Board of Directors as on March 31, 2017 with their attendance at the Board Meetings held during the year 2016-17 and at the last Annual General Meeting is given below:

| Name of the Directors | Categories of Directors | No. of other Directorship(s) held in other public companies | No. of committee position in other companies | | Number of shares held |
|-------------------------------------|-----------------------------|---|--|--------|-----------------------|
| | | | Chairperson | Member | |
| Gauri Shanker Kandoi 00120330 | Executive Promoter | 1 | - | 2 | 1428807 |
| Manish Singhal 00120232 | Executive Promoter | Nil | - | - | 1377625 |
| Savitri Kandoi 06921389 | Non-executive Promoter | Nil | - | - | 420500 |
| Ramesh Chand Maheshwari 00091429 | Executive Director | Nil | - | - | Nil |
| Rameshwar Pareek 00014224 | Non-Executive (Independent) | 6 | 2 | 1 | Nil |
| Kamlesh Sharma 00037588 | Non-Executive (Independent) | Nil | - | - | Nil |
| Radhey Shyam Gemini 00108706 | Non-Executive (Independent) | 3 | - | - | Nil |
| Raj Kumar Agarwal 00127215 | Non-Executive (Independent) | 1 | - | - | Nil |



Notes :

1. Directorships exclude Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.
2. Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders' Relationships Committee in Indian Public Limited companies other than KG Petrochem Limited. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairperson of more than five such Committees.
3. Mr.Gauri Shaker Kandoi, Mrs.SavitriKandoi and Mr. Manish Singhal are related to each other.

(b) Board Meeting:

The Board of Directors of the Company met Five times on 27.05.2016, 13.08.2016, 19.10.2016, 14.11.2016, &14.02.2017 during the financial year ended 31st March, 2017. The maximum time gap between two meetings was less than four months. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board from time to time. The attendance of each Director at these meetings and the last Annual General Meeting was as under:

| Name of the Director | Number of Board Meetings held during the tenure of directorship and attended by them | | Attendance at last AGM held on 26.09.2016 |
|----------------------------|--|----------|---|
| | Held | Attended | |
| Mr. G. S. Kandoi | 5 | 5 | Yes |
| Mr. Manish Singhal | 5 | 5 | Yes |
| Mr. Raj Kumar Agarwal | 5 | 5 | Yes |
| Mr, RameshwarPareek | 5 | 5 | Yes |
| Mr. Ramesh Chand Maheswari | 5 | 5 | Yes |
| Mr. Kamlesh Sharma | 5 | 5 | Yes |
| Mrs. SavitriKandoi | 5 | 5 | Yes |
| Mr. RadheShyam Gemini | 5 | 5 | Yes |

The Board of the Company is provided with detailed notes along with the agenda papers in advance in respect of various items discussed in the Board meetings including particularly the followings:

1. Annual Business Plan including financial and operational plan.
2. Quarterly / Yearly financial statement.
3. Review of operation of Divisions.
4. Quarterly statutory compliance report.
5. Minutes of meeting of Audit Committee and other committees of the Board.
6. Appointment of senior executives.
7. Show cause, demand and other notices, which are materially important.

Tenure of Directorship of Mr. Manish Singhal who has been longest in the office, is liable to retire by rotation as per Companies Act, 2013 at the 37th Annual general Meeting and being eligible, offer himself for reappointment.

(c) Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing (Obligation and Disclosure Requirements) Regulation, 2015, a separate meeting of the Independent Directors of the Company was held on 30.09.2016 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.



(d) Code of Business Conduct and Ethics for Directors and Senior Management

KG's Principals are enshrined a code of conduct for all our board members and senior management of the company. The code of conduct has been posted on the company's website: - www.kgpetro.in. The code of conduct has been circulated to all the members of the board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial 31.03.2017

(e) Evaluation of the Board's Performance

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

III. AUDIT COMMITTEE:

(a) As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibility, an Audit Committee has been constituted; The Chairman of the committee is an independent director, elected by the Members of the Committee. All members are Non-Executive and independent Directors and each member have rich experience in financial sector.

Sh. Rameshwar Pareek, Chairman of the Audit Committee was present at the last Annual General Meeting. Four meetings of the Audit Committee were held during the year viz. on May 27, 2016, August 12, 2016, November 14, 2016, and February 14, 2017 respectively. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

| Name of the Director | Position | Category | | No. of meetings attended |
|------------------------|----------|------------------------|-------------|--------------------------|
| Mr. Rameshwar Pareek * | Chairman | Non-Executive Director | Independent | 4 of 4 |
| Mr. Kamlesh Sharma* | Member | Non-Executive Director | Independent | 4 of 4 |
| Mr. Raj Kumar Agarwal | Member | Non-Executive Director | Independent | 4 of 4 |

* Mr. Rameshwar Pareek has been appointed as a new Chairman of the committee from 14.11.2016 in place of Mr. Kamlesh Sharma

(b) Terms of reference: The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Section 177 of the Companies Act, 2013.



- (c) The Audit Committee invites CEO & Whole Time Director, Chief Financial Officer and Senior Executives of Accounts Department for each meeting, to provide inputs on issues relating to accounts, taxation, internal audit finding, internal controls, risk managements etc. The minutes of the meetings of the Audit Committee are placed before the Board for their information and confirmation.
The Audit Committee also acting under Vigil Mechanism.

IV. NOMINATION AND REMUNERATION COMMITTEE:-

- (a) The Board has framed Nomination and Remuneration committee for set up and evaluates compensation and benefits for the directors & their relatives and frame policies and system thereof.
Three meetings of the Nomination and Remuneration Committee were held during the year viz. on April 01, 2016, August 12, 2016, and February 13, 2017. The composition of the Nomination and Remuneration Committee and details of their attendance at the meetings are as follows:

| Name of the Director | Position | Category | | No. of meetings attended |
|-----------------------|----------|------------------------|-------------|--------------------------|
| Mr. Kamlesh Sharma | Chairman | Non-Executive Director | Independent | 3 of 3 |
| Mr. Rameshwar Pareek | Member | Non-Executive Director | Independent | 3 of 3 |
| Mr. Raj Kumar Agarwal | Member | Non-Executive Director | Independent | 3 of 3 |

Mr. Kamlesh Sharma, Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

(b) **Terms of reference:** The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as well as section 178 of the Companies Act, 2013.

(c) Performance evaluation criteria for Independent Directors-

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

AREAS OF EVALUATION

1. Frequency of meetings attended
2. Timeliness of circulating Agenda for meetings and descriptiveness
3. Quality, quantity and timeliness of flow of information to the Board
4. Promptness with which Minutes of the meetings are drawn and circulated
5. Opportunity to discuss matters of critical importance, before decisions are made
6. Familiarity with the objects, operations and other functions of the company
7. Importance given to Internal Audit Reports, Management responses and steps towards improvement
8. Exercise of fiscal oversight and monitoring financial performance
9. Level of monitoring of Corporate Governance Regulations and compliance
10. Adherence to Code of Conduct and Business ethics by directors individually and collectively
11. Monitoring of Regulatory compliances and risk assessment
12. Review of Internal Control Systems
13. Performance of the Chairperson of the company including leadership qualities.
14. Performance of the Whole time Director
15. Overall performance of the Board/ Committees.



V. Remuneration of Directors

(a) **Details of Remuneration to Directors:** The Company has paid the following remuneration to Directors during the year under review, which is in accordance with the section 197 of the Companies Act, 2013.

(i) **Non-Executive Directors:**

The Board of Directors of the company decided that Non-Executive directors are not entitled to get any remuneration, sitting fee and stock options.

(ii) **Whole Time Director**

| Executive Director | Business relationship with the company, if any | Remuneration paid during 2016-17 (Rs. in lacs) | | |
|-----------------------------|--|---|---|------------------------------|
| | | All elements of remuneration package i.e. salary, benefits, bonuses, pension etc. | Fixed component & performance linked in centives, along with performance criteria | Stock option details, if any |
| Mr. GauriShankerKandoi | CMD/CEO | 64.00 | 0 | Nil |
| Mr. Manish Singhal | Whole Time Director | 64.00 | 0 | Nil |
| Mr. Ramesh Chand Maheshwari | Whole Time Director | 04.68 | 0 | Nil |

VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

- The Stakeholder Relationship Committee looks into shareholders' and investors' grievances. Mrs.SavitriKandoi, Non-Executive Director is the Chairperson of the Committee.
- Five meetings of the Stakeholders Relationship Committee were held during the year viz. on September 02, 2016 and September 14, 2016, October 22, 2016, November 08, 2016 and November 14, 2016. The composition of the Stakeholders Relationship Committee and details of their attendance at the meetings are as follows:

| Sl. No. | Name of the Director | Category | No. of meeting attended |
|---------|-----------------------|-----------------------------|-------------------------|
| 1 | Mrs.Savitri Kandoi | Non-Executive Director | 5 of 5 |
| 2 | Mr.GauriShankerKandoi | Executive Promoter Director | 5 of 5 |
| 3 | Mr. Manish Singhal | Executive Promoter Director | 5 of 5 |

- Number of investors' complaints received by the RTA/ Company during the year: Nil
Number of complaints not solved to the satisfaction of shareholders during the year: Nil
Number of complaints pending as at 31st March, 2017: Nil



Warning against Insider Trading

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

VII. CSR COMMITTEE

- i. The Board of Directors, last year constituted "Corporate Social Responsibility Committee" as required under Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee recommends to the board Corporate Social Responsibility Policy and the CSR initiatives and it also monitors implementation of the activities undertaken as per the policy.
- ii. Two meeting of the CSR Committee was held during the year viz. on August 10, 2016 and January 07, 2017. The composition of the CSR Committee and details of their attendance at the meetings are as follows:

| Sl. No. | Name of the Director | Category | No. of meeting attended |
|---------|-------------------------|--|-------------------------|
| 1 | Mr. GauriShanker Kandoi | Executive Promoter Director (Chairman) | 2 of 2 |
| 2 | Mr. Manish Singhal | Executive Promoter Director | 2 of 2 |
| 3 | Mr. Raj Kumar Agarwal | Executive Independent Director | 2 of 2 |

VIII. FINANCE COMMITTEE:

- i. The Finance Committee looks into financial matters like opening and closing bank account, taking loan form bank and financial institutions, arrange finance for new projects, reschedule financial structure of the company etc.
- ii. One meeting of the Finance Committee was held during the year viz. on August 10, 2016. The composition of the Finance Committee and details of their attendance at the meetings are as follows:

| Sl. No. | Name of the Director | Category | No. of meeting attended |
|---------|-------------------------|--|-------------------------|
| 1 | Mr.Gauri Shanker Kandoi | Executive Promoter Director (Chairman) | 1 of 1 |
| 2 | Mr. Manish Singhal | Executive Promoter Director | 1 of 1 |
| 3 | Mr. Raj Kumar Agarwal | Executive Independent Director | 1 of 1 |

- iii. Terms of Reference of the said Committee are as follows:
 1. Borrow moneys and exercise all powers to borrow moneys (otherwise than by issue of debentures) not exceeding Rs.500 Crore in aggregate at any time and taking all necessary actions connected therewith within the limit prescribed under law.



2. Provide guarantee including performance guarantee, issue letter of comfort and providing securities and taking all necessary actions connected therewith. Review of banking arrangement and taking all necessary actions connected therewith including refinancing for optimization of borrowing costs (subject to overall limit of borrowing).
3. Review of the Company's financial policies, strategies and capital structure.
4. Review of Term loan/working capital and cash flow management.
5. Consider viability for issuance of new modes of securities including foreign funds subject to laws applicable.
6. Advise on financial matters/policies in overall interest of Company.

IX. GENERAL BODY MEETINGS

The details of last three Annual General Meeting is as under:

| Year | Venue | Date | Time | Special Resolution passed |
|-----------------------|---|------------|------------|---------------------------|
| 2016-36 th | C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013 | 26.09.2016 | 10.30 A.M. | Nil |
| 2015-35 th | C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013 | 30.09.2015 | 03.00 P.M. | Three |
| 2014-34 th | C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013 | 27.09.2014 | 10.30 A.M. | Four |
| 2014 EOGM | C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013 | 07.04.2014 | 11.00 A.M. | One |

X. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and approved by the Board; and thereafter regularly published in the prominent newspapers like Financial Express and KhabronkiDuniya, etc. as required and also posted on our website: www.kgpetro.in.

XI GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting to be held:

Day : Thursday
Date : 21st day of September, 2017
Time : 10.30 A.M.
Venue : C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013

(ii) Financial Year: 1st April, 2016 to 31st March, 2017

(iii) Stock Exchanges on which the Company's Shares are listed:

The Bombay Stock Exchange,
PhirozeJeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001
The Listing Fees as applicable have been paid within prescribed time period.

**(iv) Stock Code:**

| | |
|------------------------------|--------------|
| ISIN under depository system | INE902G01016 |
| The Stock Exchange, Mumbai | 531609 |

(v) Market Price Data: High/Low during each month during the financial year 2016-2017:

The details of Monthly High and Low price(s) on the Stock Exchange, Mumbai, for the Financial Year 2016-2017 are as under:

| Month | Monthly High | Monthly Low | Volume | BSE SENSEX Monthly High | BSE SENSEX Monthly Low |
|-----------------|--------------|-------------|--------|-------------------------|------------------------|
| April, 2016 | 57.00 | 47.25 | 3,076 | 26100.54 | 24523.20 |
| May, 2016 | 61.45 | 50.10 | 3,018 | 26837.20 | 25057.93 |
| June, 2016 | 83.50 | 64.50 | 42,014 | 27105.41 | 25911.33 |
| July, 2016 | 83.50 | 83.50 | 3,433 | 28240.20 | 27034.14 |
| August, 2016 | 83.50 | 83.50 | 3,194 | 28532.25 | 27627.97 |
| September, 2015 | 83.50 | 83.50 | 2451 | 29077.28 | 27716.78 |
| October, 2016 | 108.55 | 87.65 | 953 | 28477.65 | 27488.30 |
| November, 2016 | 141.10 | 95.60 | 60,036 | 28029.80 | 25717.93 |
| December, 2016 | 116.70 | 85.00 | 17,015 | 26803.76 | 25753.74 |
| January, 2017 | 101.95 | 86.65 | 5083 | 27980.39 | 26447.06 |
| February, 2017 | 128.00 | 93.80 | 4719 | 29065.31 | 27590.10 |
| March, 2017 | 112.85 | 92.50 | 2078 | 29824.62 | 28716.21 |

(vi) Registrar & Share Transfer Agent:

Niche Technologies Pvt. Ltd. D-511, Bagree Market, 5th Floor, 71, R.R.B. Basu Road, Kolkata-700001

(vii) Share Transfer System:

In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Niche Technologies Private Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ re-materialization of securities.

(viii) Distribution of Shareholding as on March 31, 2017:

| No. of equity shares held | Shareholders | | % of Shareholding | |
|---------------------------|--------------|-----------------|-------------------|-----------------|
| | Number | % to total | Total shares | % to total |
| Up to 500 | 213 | 63.9640 | 44,698 | 0.8561 |
| 501 to 1000 | 83 | 24.9249 | 71,853 | 1.3762 |
| 1001 to 5000 | 18 | 5.4054 | 32,296 | 0.6186 |
| 5001 to 10000 | 2 | 0.6006 | 12,000 | 0.2298 |
| 10001 to 50000 | 6 | 1.8018 | 1,07,040 | 2.0502 |
| 50001 to 100000 | 1 | 0.3003 | 52,600 | 1.0075 |
| 100001 and above | 10 | 3.0030 | 49,00,513 | 93.8616 |
| Total | 333 | 100.0000 | 52,21,000 | 100.0000 |



(ix) Categories of Shareholding as on March 31, 2017:

| Category | No. of Shares held | % of Shareholding |
|---|--------------------|-------------------|
| Indian Promoters, Directors & their relatives | 3897332 | 74.65 |
| Foreign Promoters | Nil | Nil |
| UTI/Financial Institutions & Banks | Nil | Nil |
| Body Corporate | 265420 | 05.08 |
| NRI/ OCB/ Clearing House/ Public Trust | 1377 | 00.03 |
| Foreign Institutional Investors | Nil | Nil |
| Indian Public | 1056871 | 20.24 |
| Total | 5221000 | 100.00 |

(x) Dematerialization of shares:

The Company has established connectivity with both the depositories i.e. National Securities Depository Limited(NSDL) and Central Depository Services (India) Limited (CDSL) to handle dematerialization of shares. As on March 31, 2017, a total of 50,70,150 equity shares which form 97.11% of the share capital stand dematerialized.

(xi) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

(xii) Plant Location

(a) Plot no. SP-4/3, RICCO Industrial Area, Village Keswana, Teh. Kotputli, Jaipur-303108

(b) C-171, Road No. 9J, VKI Area, Jaipur-302013

(xiii) Address for Correspondence:

(a) For Transfer of physical shares, request for dematerialization of shares, change of mandates/ address or any other query : Niche Technologies Pvt. Ltd., B-511, Bagree Market, 71, R.R.B. Basu Road, Kolkta-700001.

(b) For any investor grievance : The Company Secretary
KG Petrochem Limited
C-171, Road No. 9J, V.K.I Area,
Jaipur-302013 (India)



ANNEXURE-VIII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

During FY 2016-17, the global economy witnessed a spill-over of the heightened volatility and uncertainty from earlier years. In addition to concerns in various large economies like China, Japan and some European nations, the trends in commodities and currencies have exerted pressure on both developed economies and emerging markets. As a result, global growth rates continue to be sluggish.

The Indian Textile industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to employment generation, industrial output and foreign exchange earnings. The overall performance of the Company during the year has been improved compared to that of the previous year.

OPERATION OVERVIEW

Your company is engaged in the business of manufacturing and services as under:-

- i) Manufacturing and marketing of Terry Towel, Made-ups & Garments etc. in the international market as well as domestic - **Textile Division.**
- ii) Manufacturing and marketing of Garments Products i.e. Bath Robe, Pillow, Cushion Cover and Quilts etc. – **Garment Division.**
- iii) Consignment Stockiest of GAIL (I) LTD. for marketing and distribution of polymers in Rajasthan- **Agency Division.**

SEGMENT ANALYSIS AND REVIEW

A. TEXTILE DIVISION:

Textile division of the Company has performed well. During the year, the division booked growth in revenue from operations by 5.59 %. The division also accelerates its growth in the export (FOB) turnover increased from Rs. 18870.78 lacs to Rs. 16574.67 lacs, i.e. growth of 13.85%.

B. AGENCY DIVISION:

The division has sold HDPE\LLDPE Granules 19795.22 Mt. amounting to Rs. 20360.94 lacs in comparison of 16146.45 Mt. amounting to Rs. 16799 lacs and earned commission of Rs. 80.17 lacs as compared to last year Rs. 66.19 lacs i.e. growth of 21.12%.

OPPORTUNITIES & THREATS

Since India is the 2nd largest producer of cotton in the world as well as 2nd largest exporter of cotton textile products hence raw material will be easily available and due to lower labour cost, Indian product will enjoy better opportunity, as the export potential is very substantial.

Since Product is export oriented and at present Government policies support the exporters to explore the market but any adverse change in the policies will have negative impact on the performance of the company, any Natural Calamity and Competition from China and other Asian countries are main threats to the textile industry.



BUSINESS OUTLOOK

With the efficient management and employee strength to boast of, the Company constantly endeavors to keep with the trend of increase in the turnover and reduction in expenses. We therefore hope to keep this trend going with ongoing efforts to increase the domestic as well as new foreign markets, adequately training the manpower to effect the reduction in costs and increase in productivity and efficiency. International as well as domestic competitive market environment continues to put pressure on the company's selling price of the product.

INTERNAL CONTROL SYSTEM

Commensurate with the size of the Company and nature of business, the Company has adequate system of internal control procedures. All the assets are safeguarded, protected against loss and all transaction are authorized, recorded and recorded correctly. The internal control system of the company are monitored and evaluated by external auditors and their internal audit report is periodically placed and reviewed by the Audit Committee of the Board of Directors.

RISK & CONCERNS

The Company is exposed to risk from market interest rates and increase of raw material prices, compliance risk, people risk, currency movements, change in Indian government policies and competition. The Company proactively manages these risks through forward booking and Inventory Management, proactive management of vendor development and relationships, and Company's strong reputation for quality, product, differentiation and services. The Company is mitigating the compliance risk through regular review of legal compliances through internal as well as external compliance. Company's strategy of providing end-to-end solutions and innovative products, hedges significant portion of its export revenues expected for the following year, The Company continuously monitors govt policies and take measures to minimize any adverse impact and maintaining strong relationship with clients helps in reducing competitive risks. Rising of Rupees against USD will be a big loss to the company along with few changes made in GST regime

During the year under review your company has maintained high liquidity position. It regularly makes payment of term loan installment.

STATUTORY COMPLIANCE

On obtaining confirmation of having complied with all the statutory requirements, a declaration regarding compliance of the provisions of various statutes is made elsewhere in this report.

INDUSTRIAL RELATIONS

As in the past, Industrial relations continued to remain cordial at the manufacturing units of the company.

HUMAN RESOURCES

The employees of the company are working in a healthy atmosphere. The Company is constantly endeavoring to source and develop skilled manpower at all levels. Lack of skilled manpower availability is a challenge of today. But the Company is constantly recruiting fresher and trains them to become suitably skilled.



**ANNEXURE-VII
COMPLIANCE CERTIFICATE**

To,
The Members,
K G Petrochem Limited
C-171, Road No. 9J, VKI Area, Jaipur-302013

We have examined the compliance of conditions of Corporate Governance by K G Petrochem Limited ('the Company'), for the year ended on 31st March, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For ARMS and Associates LLP
Company Secretaries Sd/-**

**Place: Jaipur
Date: 12.08.2017**

**(Sandeep Kumar Jain)
FCS 5398 C.P.No.4151**

**Form No. MR-3
Annexure-IX
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st March, 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,
K G Petrochem Limited
C-171, Road No. 9J, VKI Area, Jaipur-302013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s K G Petrochem Limited (CIN L24117RJ1980PLC001999)** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **K G Petrochem Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers,



agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 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: We have examined the books, papers, minute books, forms and returns filed and other records maintained by KG Petrochem Limited ("The Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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') viz. :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; now known as Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable as the Company is not registered as Registrar and Transfer Agents with SEBI**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Period)**
 - (i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) 2015
- vi. As confirmed by the management, there are no sector specific laws that are applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- (I) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited (BSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We Further Report That

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 and Listing Agreement.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.



Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We 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.

We further report that during the audit period there were no specific events / actions having a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above.

**For ARMS and Associates
LLP Company Secretaries**

Date : 12th August,2017

Place: JAIPUR

**(CS Sandeep Kumar Jain)
FCS 5398 C.P.No.4151**

This report is to be read with our letter of even date which is annexed as 'Annexure –A' and form an integral part of this report.

ANNEXURE – A

**To,
The Members,
K G Petrochem Limited
C-171, Road No. 9J, VKI Area, Jaipur-302013**

Our 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. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We 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 verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we 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 the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For ARMS and Associates LLP
Company Secretaries**

Date : 12th August,2017

Place: JAIPUR

**(CS SandeepKumarJain)
FCS 5398 C.P.No.4151**



INDEPENDENT AUDITORS' REPORT

To
The Members of
KG Petrochem Limited
Report on the Financial Statements

We have audited the accompanying standalone financial statements of **KG Petrochem Limited** ('the Company') which comprises the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The Company's Board of Directors is responsible for the matters 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 provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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 judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the standalone 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, of the state of affairs of the Company as at March 31, 2017 and its Profit and Cash Flow 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 statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 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 164(2) of the Companies Act, 2013;
 - (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) Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - (iii) There were no amounts which were 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 December, 2016, on the basis of information available with the Company. 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 no. :- 2.27)

For R Sogani & Associates
Chartered Accountants
FRN: 018755C

Place : Jaipur

Date : 30-05-2017

(BHARAT SONKHIYA)
PARTNER
Membership No: 403023



ANNEXURE - A REFERRED TO IN THE AUDITOR'S REPORT ON THE ACCOUNTS OF K G PETROCHEM LIMITED FOR THE YEAR ENDING 31ST MARCH, 2017

As required by the Companies (Auditor's report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013, we report that:

1 In respect of fixed assets:

- a) According to information and explanation given to us, fixed asset register of the Company has been properly maintained.
- b) According to information and explanation given to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals.
- c) According to information and explanation given to us, title deeds of immovable properties are held in the name of the Company.

2 In respect of its inventories:

- (a) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) According to information and explanation given to us, all discrepancies have been rectified by the Company and accordingly considered in books of accounts.

3 In respect of loans:

According to the information and explanations given to us, the Company has not granted any loans, secured and unsecured, to companies, firms and other parties covered in the register maintained under section 189 of Companies Act, 2013.

4 As per information and explanations provided to us, in respect of loans, investments and guarantees, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

5 According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any relevant provisions of the Companies Act, 2013 and the rules made there under.

6. In respect of cost records:

We have been explained that the maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 for the period under review for any of the products.

7 In respect of statutory dues:

(A) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as recorded in books of accounts, applicable to it.

(b) According to the information and explanations given to us, no disputed amounts are payable in respect of Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited on account of any dispute except the following:

| Nature of Dispute | Nature of the dues | Amount (in Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------|--------------------|-----------------|------------------------------------|--------------------------------|
| Finance Act, 1994 (Service Tax) | Service Tax | 33,75,730/- | FY 2005-06 to FY 2008-09 | CESTAT |



- 8 In respect of repayment of dues:
As per information and explanation given to us, the company has not defaulted in repayment of any amount to a financial institution or bank or debenture holders.
9. In our opinion, and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- 10 According to the information and explanations provided to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- 11 In respect of managerial remuneration:
According to the information and explanations given to us we report that managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
- 12 In respect of Nidhi Company:
The Company is not a Nidhi Company. Therefore this clause is not applicable to the Company.
13. In respect of related parties:
All transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the Accounting Standards and Companies Act, 2013.
- 14 In respect of preferential allotment / private placement of shares:
The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- 15 In respect of Non-cash transactions with directors:
The Company has not entered into any non-cash transactions with directors or persons connected with him.
- 16 The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For R Sogani & Associates
Chartered Accountants
FRN: 018755C

Place :Jaipur

Date : 30-05-2017

(BHARAT SONKHIYA)
PARTNER
Membership No: 403023



**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF KG PETROCHEM 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 KG Petrochem Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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. 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, judging by the nature and quantum of transactions appearing in the financial statements, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Sogani & Associates
Chartered Accountants
FRN: 018755C

Place :Jaipur
Date : 30-05-2017

(BHARAT SONKHIYA)
PARTNER
Membership No: 403023



K G PETROCHEM LIMITED, JAIPUR
CIN: L24117RJ1980PLC001999
Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013
Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013
BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in Rs.'000)

| Particulars | Note No. | As at 31st March, 2017 | | As at 31st March 2016 | |
|---|----------|---------------------------|---------------------|--------------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | | | |
| 1. Shareholders' Funds | | | | | |
| a) Share Capital | 2.1 | 58,152.50 | | 58,152.50 | |
| b) Reserves & Surplus | 2.2 | 4,89,916.10 | 5,48,068.60 | 4,08,899.41 | 4,67,051.91 |
| 2. Non-Current Liabilities | | | | | |
| a) Long Term Borrowings | 2.3 | 5,11,452.97 | | 6,18,964.97 | |
| b) Deferred Tax Liability (Net) | 2.4 | 79,206.40 | 5,90,659.37 | 49,862.22 | 6,68,827.19 |
| 3. Current Liabilities | | | | | |
| a) Short Term Borrowings | 2.5 | 5,18,522.08 | | 3,51,434.87 | |
| b) Trade Payable | 2.6 | 1,20,473.08 | | 90,003.49 | |
| c) Other Current Liabilities | 2.7 | 3,12,656.87 | | 2,04,283.60 | |
| d) Short Term Provisions | 2.8 | 5,478.84 | 9,57,130.57 | 15,049.54 | 6,60,771.50 |
| | | | <u>20,95,858.54</u> | | <u>17,96,650.60</u> |
| II. ASSETS | | | | | |
| 1. Non-Current Assets | | | | | |
| a) Property, Plant & Equipments | | | | | |
| (i) Tangible Assets | 2.9 | 8,39,491.71 | | 9,17,412.69 | |
| (ii) Capital Work-in-Progress | - | 7,458.83 | | - | |
| b) Long Term Loans and Advances | 2.10 | 11,966.88 | 8,58,917.42 | 12,102.51 | 9,29,515.20 |
| 2. Current Assets | | | | | |
| a) Inventories | 2.11 | 3,65,126.40 | | 2,31,891.36 | |
| b) Trade Receivables | 2.12 | 5,95,550.57 | | 5,10,970.49 | |
| c) Cash and Bank Balances | 2.13 | 50,747.14 | | 1,161.77 | |
| d) Short Term Loans and Advances | 2.14 | 29,558.37 | | 7,108.74 | |
| e) Other Current Assets | 2.15 | 1,95,958.64 | 12,36,941.12 | 1,16,003.04 | 8,67,135.40 |
| | | | <u>20,95,858.54</u> | | <u>17,96,650.60</u> |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 3 | | | | |

In terms of our separate Audit Report of even date

FOR R SOGANI & ASSOCIATES
Chartered Accountants
FRN: 018755C

For & on behalf of the Board
FOR K G PETROCHEM LTD.

(CA BHARAT SONKHIYA)
Partner
M. No. 403023

(G. S. KANDOI)
Chairman Cum Managing Director
DIN: 00120330

(MANISH SINGHAL)
Director
DIN: 00120232

Place : JAIPUR
Dated: 30.05.2017

(Harshit Attar)
Company Secretary
M.No. 41051

(Shiv Ratan Sharma)
CFO



K G PETROCHEM LIMITED, JAIPUR
CIN: L24117RJ1980PLC001999
Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013
Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2017

(Amount in Rs.'000)

| PARTICULARS | NOTE No. | Current Year 31st March, 2017 | Previous Year 31st March 2016 |
|---|----------|----------------------------------|----------------------------------|
| Revenue from operations | 2.16 | | |
| Sale of Product & Services | | 20,83,254.63 | 20,01,588.57 |
| Other Operating Revenue | | 1,80,919.27 | 1,41,674.62 |
| | | <u>22,64,173.90</u> | <u>21,43,263.19</u> |
| Revenue From Operations (Net) | | 22,64,173.90 | 21,43,263.19 |
| Other Income | 2.17 | <u>41,102.71</u> | <u>36,924.64</u> |
| Total Revenue | | <u>23,05,276.61</u> | <u>21,80,187.83</u> |
| Expenses : | | | |
| Purchase of Towels | | - | 6,574.07 |
| Cost of Materials consumed | 2.18 | 12,26,929.97 | 10,96,290.47 |
| Change in inventory of Finished Goods and Work in Progress | 2.19 | (1,15,301.27) | 71,664.66 |
| Manufacturing Expenses | 2.20 | 4,40,185.78 | 3,29,152.96 |
| Employees Benefits Expenses | 2.21 | 2,59,634.44 | 2,37,641.40 |
| Finance Costs | 2.22 | 54,635.68 | 77,722.22 |
| Depreciation | 2.9 | 1,41,205.06 | 1,36,094.74 |
| Other Expenses | 2.23 | 1,41,422.84 | 1,31,036.68 |
| | | <u>21,48,712.50</u> | <u>20,86,177.20</u> |
| Profit Before Exceptional & Extraordinary items and tax | | 1,56,564.11 | 94,010.63 |
| Withdrawal from Capital Reserve (refer note no.2.2 : Reserve & Surplus) | | 8,545.20 | 4,267.49 |
| Exceptional Items | 2.24 | (3,659.62) | - |
| Profit before Tax | | <u>1,61,449.69</u> | <u>98,278.12</u> |
| Tax Expenses : | | | |
| Current Tax (Net of Mat Credit) | | 42,544.01 | 28,682.80 |
| Deferred Tax | | 29,344.19 | (23,144.40) |
| Earlier Year Tax | | - | 51.57 |
| | | <u>71,888.20</u> | <u>5,589.97</u> |
| Profit For The Year after Tax | | <u>89,561.49</u> | <u>92,688.15</u> |
| Earning per Equity Shares before exceptional item: | 2.25 | | |
| 1. Basic | | 17.86 | 17.75 |
| 2. Diluted | | 17.86 | 17.75 |
| Earning per Equity Shares: | 2.25 | | |
| 1. Basic | | 17.15 | 17.75 |
| 2. Diluted | | 17.15 | 17.75 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 3 | | |

In terms of our separate Audit Report of even date

FOR R SOGANI & ASSOCIATES

Chartered Accountants

FRN: 018755C

(CA BHARAT SONKHIYA)

Partner

M. No. 403023

Place : JAIPUR

Dated: 30.05.2017

For & on behalf of the Board
FOR K G PETROCHEM LTD.

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(Harshit Attar)

Company Secretary

M.No. 41051

(MANISH SINGHAL)

Director

DIN: 00120232

(Shiv Ratan Sharma)

CFO



KG PETROCHEM LIMITED

CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013

Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013

(Amount In Rs.'000)

| PARTICULARS | CURRENT YEAR | | PREVIOUS YEAR | |
|---|--------------------|----------------------|--------------------|----------------------|
| | 2016-17 | | 2015-16 | |
| | DETAILS | AMOUNT | DETAILS | AMOUNT |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax as Per Profit & Loss A/c | 1,61,449.69 | | 98,278.12 | |
| Adjusted for :- | | | | |
| Interest paid | 54,635.68 | | 77,722.22 | |
| Interest received | (11,970.23) | | (4,039.95) | |
| ERP Written Off | 3,659.62 | | | |
| Rent Income | (3,647.78) | | (5,196.42) | |
| Loss/(Profit) on Sale/written off of Fixed Assets | (144.20) | | - | |
| Withdrawal from capital reserve | (8,545.20) | | (4,267.49) | |
| Depreciation | 1,41,205.06 | | 1,36,094.74 | |
| Operating Profit before Working Capital Changes | 3,36,642.64 | | 2,98,591.22 | |
| Adjusted for:- | | | | |
| Increase /(Decrease) in Trade Payables | 30,469.59 | | 35,998.13 | |
| Increase/(Decrease) in Other Current Liabilities | 2,71,460.47 | | 49,741.45 | |
| Increase/(Decrease) in Short Term Provision | (19,614.64) | | (1,533.26) | |
| (Increase) / Decrease in Inventory | (1,33,235.05) | | 52,828.49 | |
| (Increase) / Decrease in Trade Receivables | (84,580.08) | | (3,02,592.88) | |
| (Increase) / Decrease in Loans and Advances | (22,313.98) | | 2,750.99 | |
| (Increase) / Decrease in Other current assets | (79,955.60) | | 33,271.68 | |
| Cash Generated From Operations | 2,98,873.35 | | 1,69,055.83 | |
| Net Cash used in Operating Activities Before Extraordinary Items | 2,98,873.35 | | 1,69,055.83 | |
| Less:- Extraordinary Items | - | | - | |
| Cash Generated From Operations | 2,98,873.35 | | 1,69,055.83 | |
| Less:- Taxes Paid | (32,500.00) | | (12,100.00) | |
| Net Cash Flow/(used)From Operating Activities | | 2,66,373.35 | | 1,56,955.83 |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| (Increase) / Decrease in Long Term Loans & Advances | 0.00 | | (201.83) | |
| Purchase of Fixed Assets | (67,175.76) | | (59,374.19) | |
| (Increase)/decrease to CWIP | (7,458.83) | | 15,738.33 | |
| Proceeds From Sales/written off of Fixed Assets | 376.28 | | - | |
| Rent Income | 3,647.78 | | 5,196.42 | |
| Net Cash Flow/(used) in Investing Activities | | (70,610.54) | | (38,641.27) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Procurement of Borrowings | - | | - | |
| Repayment of Borrowings | (1,03,512.00) | | (96,169.19) | |
| Interest received | 11,970.23 | | 4,039.95 | |
| Capital Subsidy under TUF | - | | 48,911.77 | |
| Interest paid | (54,635.68) | | (77,722.22) | |
| Net Cash Flow/(used) From Financing Activities | | (1,46,177.45) | | (1,20,939.69) |
| Net Increase/(Decrease) in Cash and Cash Equivalent | | 49,585.37 | | (2,625.13) |
| Opening balance of Cash and Cash Equivalent | | 1,161.77 | | 3,786.90 |
| Closing balance of Cash and Cash Equivalent | | 50,747.14 | | 1,161.77 |

NOTE : Cash and Cash Equivalent consists of following:-

| | Rs. | Rs. |
|---|------------------|-----------------|
| Cash on hand | 929.19 | 661.05 |
| Balances with Banks | 49,817.95 | 500.72 |
| Closing balance of Cash and Cash Equivalent | <u>50,747.14</u> | <u>1,161.77</u> |

In terms of our separate Audit Report of even date

FOR R SOGANI & ASSOCIATES

Chartered Accountants

FRN: 018755C

(CA BHARAT SONKHIYA)

Partner

M. No. 403023

Place : JAIPUR

Dated: 30.05.2017

For & on behalf of the Board

FOR K G PETROCHEM LTD.

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(Harshit Attar)

Company Secretary

M.No. 41051

(MANISH SINGHAL)

Director

DIN: 00120232

(Shiv Ratan Sharma)

CFO



KG PETROCHEM LIMITED, JAIPUR

CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013

Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013

C-171, Road no. 9J, VKI Area, Jaipur-302012

OVERVIEW

The Company was originally incorporated on 29.2.1980 under Companies Act, 1956 as KG Petrochem Private Limited. The name of the company changed to KG Petrochem Limited as per fresh Certificate of Incorporation dated 24.8.1995 issued by Registrar of Companies, Rajasthan, Jaipur.

Presently the Company is engaged in the business of manufacturing and services as under:-

- (i) **Textile Division**:-Manufacturing and marketing of terry towels, made-ups etc. in the domestic and international market.
- (ii) **Agency Division** : Consignment Stockiest of GAIL (India) Ltd. for marketing and distribution of polymers in Rajasthan and
- (iii) **Garment Division** : Manufacturing & marketing of readymade garment like bathrobes, babyhood towels, pillows etc.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES

1.1 System of Accounting and Use of Estimates

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

1.2 Valuation of Inventories (AS2)

- (i) Raw materials, components, stores and spares and work-in progress are valued at cost. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares is determined on FIFO basis.
- (ii) Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a portion of manufacturing overhead based on normal operating capacity.
- (iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- (iv) Spares having useful life of more than 12 months has been capitalised due to revision in Revised AS-10."Property, Plant & Equipments".

1.3 Cash Flow Statement (AS-3) Cash flows are reported using the indirect method as prescribed in Accounting Standard 3 'Cash Flow Statement', where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expense associated with investing or financial cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



1.4 Extraordinary, Exceptional and Prior Period Items (AS-5)

- (i) Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.
- (ii) On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.
- (iii) During the year, the Company has written off ERP software of Rs.36,59,624, which has been considered as Exceptional Item.

1.5 Revenue Recognition (AS-9)

- (i) The Company recognizes income on accrual basis. Turnover are inclusive of excise duty and other related realisation but exclusive of Value Added Tax charged. Export sale has been recognised at the time of removal of goods from factory at invoice value (whether FOB or CIF) on the basis of exchange rates declared by Custom Department for that particular month.
- (ii) Interest income is accrued at applicable interest rate on time basis.
- (iii) Dividend income is accounted in the period in which the right to receive the same is established.

1.6 Property, Plant and Equipment (AS-10)

- (i). Property, Plant & Equipment are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of property, plant & equipment comprises its purchase value and any directly attributable cost of bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets in accordance with AS- 16 "Borrowing Cost".
- (ii) Property, Plant and Equipments except Land is depreciated on Straight Line Method in the manner prescribed in Schedule II to the Companies Act, 2013.
- (iii) The spares having useful life for more than 1 year which were previously held in stock as on the beginning of the year and subsequent purchases made of that spares during the year have been capitalized in accordance with the Revised AS-10 "Property, Plant and Equipment".
- (iv) Subsequent expenditures related to an item of Tangible Assets are added to its book value if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. In respect of additions or extensions forming an integral part of existing assets depreciation is provided as aforesaid over the useful life of respective assets.
- (v) Significant component of assets having a life shorter than the main assets, if any is depreciated over the shorter life.
- (vi) Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-progress.
- (vii) Based on independent technical evaluation, the useful life of E.T.P is estimated shorter than prescribed in Schedule II of Companies Act, 2013, which is as under:

| Name of Assets | life Taken |
|-------------------------------------|-------------------|
| RO Membrane | less than 1 Year |
| Other Machinery in ETP / Water Tank | 5 years |



1.7 Foreign Currency Transaction (AS-11)

- (i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.
- (ii) Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at the year end rates and those covered by forward contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction such difference having been recognised over the life of the contract. Foreign exchange financial instruments in hand at the year end are valued mark to market. Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit & Loss.

1.8 Government Grants (AS-12)

In case of depreciable assets, the cost of asset is shown at gross value and grant thereon is treated as Capital Grants which are withdrawn over the period and in the proportion in which depreciation is charged. Grant is recognised at the time of submitting claim to the authority.

Export incentive under "Duty Drawback Scheme" is accounted in the year of export at FOB value. The Company is eligible for MEIS Scheme. Income under MEIS scheme is accounted on accrual basis

Government grant related to revenue is deducted in reporting the related expenses. During the year the Company has received interest subsidy under TUF Scheme and Customized Package Scheme which is deducted from expenses.

The Company have received Terminal Excise Duty refund during the year which is deducted from the cost of assets. All Government grants are recognised on accrual basis.

1.9 Employee retirement benefits (AS-15)

(i) Short - term Employee Benefits:-

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognised in the period in which the employee renders the related services

The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.

(ii) Post-employment Benefits:-

- (a) Defined Contribution Plan: Contribution to superannuation fund is recognised as an expense in the Statement of Profit & Loss as it is incurred. There are no other obligations other than the contribution payable to the respective trust. Eligible employees receive benefits from a provident fund which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.
- (b) Defined Benefit Plan and Other Long Term Benefits: Retirement benefits in the form of gratuity is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Other long term benefits in the form of leave encashment is provided based on the percentages notified by Government guidelines.

1.10 Borrowing Cost (AS-16)

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue. The Company has not capitalised any borrowing cost during the year.

1.11 Earning Per Share (AS-20)

Earnings per equity share are calculated by dividing the net profit or loss for the period attributable to equity



shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and delusive potential equity shares outstanding at the year end.

1.12 Taxes on Income (AS-22) Current tax is determined as the amount of tax payable to the Taxation Authorities in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets, on timing differences being difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

In respect of unabsorbed depreciation / carry forward of losses under the tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty that future taxable income will be available against which such deferred tax assets can be realized.

Credit in respect of Minimum Alternative Tax under Income Tax Act 1961 (MAT Credit – Entitlement) is recognized in accordance with guidance note issued by the Council of the Institute of Chartered Accountants of India

1.13 Intangible Assets (AS-26)

Intangible assets are stated at cost less accumulated amount of amortization

1.14 Impairment of assets (AS-28)

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of future cash flows.

1.15 Provisions, Contingent Liabilities and Contingent Assets (AS-29)

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but disclosed in the notes. Contingent assets is neither recognised nor disclosed in the financial statement.

1.16 Except where stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.

2) Notes On Accounts

The previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly amounts and other disclosure for the preceding years are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosure relating to the current year.


NOTE NO 2.1: SHARE CAPITAL

(Amount in Rs. '000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|---|------------------------------|---------------------------|
| (a) Authorised : 70,00,000 (70,00,000) Equity Shares of Rs.10/- each | 70,000.00 | 70,000.00 |
| (b) Issued & Subscribed 63,35,200 (63,35,200) Equity shares of Rs.10 each/- | 63,352.00 | 63,352.00 |
| (c) Paid Up 52,21,000 (52,21,000) Equity Shares of Rs.10/-each fully paid | 52,210.00 | 52,210.00 |
| (d) Forefeited Equity Shares 11,14,200 (11,14,200) Equity Shares (* figures in bracket are of Previous Year) | 5,942.50 | 5,942.50 |
| Total (c+d) | 58,152.50 | 58,152.50 |

(e) Rights, Preferences and restrictions attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Holder of equity shares is entitled to one vote per share and Dividend as and when declared by the Company.

In case of partly paid up share the shareholder shall be entitled to dividend only on the paid up share capital.

In case any shareholder makes any default in payment of any call he shall not be entitled to vote in annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts.

(f) Reconciliation of the number of shares outstanding :-

| | As at 31st March, 2017 | As at 31st March, 2016 |
|-----------------------------------|------------------------------|------------------------------|
| | No of shares | No of shares |
| At the beginning of the year | 63,35,200 | 63,35,200 |
| Add: Issued during the year | - | - |
| Less: Bought Back during the year | - | - |
| At the end of the year | 63,35,200 | 63,35,200 |

(g) Shares held by each shareholder holding more than 5 percent of number of shares

| Name of Shareholder | As at 31st March, 2017 | | As at 31st March, 2016 | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | No. of Shares held | Percentage of holding | No. of Shares held | Percentage of holding |
| Mr. Manish Singhal | 13,77,625 | 26.39% | 13,77,625 | 26.39% |
| Mr. Gauri Shanker Kandoi | 14,28,807 | 27.37% | 14,28,807 | 27.37% |
| Mrs. Savitri Kandoi | 4,20,500 | 8.05% | 4,20,500 | 8.05% |
| M/s. Manish Singhal-HUF | 3,40,000 | 6.51% | 3,40,000 | 6.51% |
| M/s. Baldevdas Gauri Shanker Kandoi- HUF | 3,30,400 | 6.33% | 3,30,400 | 6.33% |

NOTE NO. 2.2: RESERVES & SURPLUS

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|---|------------------------------|------------------------------|
| a) Capital Reserve -Capital Subsidy (Under TUF Scheme) | | |
| At the beginning of the year | 55,196.76 | 10,552.08 |
| Add; Additions during the year | - | 48,911.77 |
| Less: withdrawals/transfer | 8,545.20 | 4,267.49 |
| Balance at the year end | 46,651.56 | 55,196.36 |
| b) General Reserve | | |
| At the beginning of the year | 3,646.60 | 3,646.60 |
| Add; Additions during the year | - | - |
| Less: withdrawals/transfer | - | - |
| Balance at the year end | 3,646.60 | 3,646.60 |
| c) Surplus | | |
| At the beginning of the year | 3,50,056.45 | 2,57,368.30 |
| Add; Additions during the year | 3,50,056.45 | 2,57,368.30 |
| Less: withdrawals/transfer | 89,561.49 | 92,688.15 |
| Balance at the year end | 4,39,617.94 | 3,50,056.45 |
| Total (a+b+c) | 4,89,916.10 | 4,08,899.41 |

i) The receipt of capital subsidy is for the processing machinery under the Technology Up gradation Fund Scheme (TUFS) circular no. 2 (2005-06 series) of Govt. of India Ministry of Textiles, office of the Textile commissioner, Mumbai. It is credited to Capital Subsidy under the head Reserve & Surplus subject to fulfillment of conditions.

ii) As mentioned above the Company has availed Capital Subsidy forming part of cost of process Machinery. Proportionate amount of such capital subsidy is being withdraw from Capital Reserve (Capital Subsidy) equal to relative depreciation. During the year Rs.8,545.20 (Previous year Rs.4,267.49) has been withdrawn from Capital Subsidy.


NOTE NO. 2.3 : LONG TERM BORROWINGS

(Amount in Rs.'000)

| | As at 31st March, 2017 | | As at 31st March, 2016 |
|---|------------------------------|--------------------|------------------------------|
| Term Loan Secured | | | |
| From Bank | | | |
| 1. State Bank of Bikaner & Jaipur | | | |
| Term Loan III | 77,256.63 | 1,11,656.63 | |
| Term Loan IV | 12,453.61 | 16,653.61 | |
| Term Loan V | 26,554.73 | 31,866.73 | |
| Term Loan VI | 3,09,800.00 | 3,45,000.00 | |
| 2. State Bank of India | | | |
| Term Loan | 1,92,900.00 | 2,17,300.00 | |
| Total | 6,18,964.97 | 7,22,476.97 | |
| Less : Current maturities of long term borrowings | | 1,03,512.00 | 6,18,964.97 |
| | 5,11,452.97 | | |
| Total | 5,11,452.97 | | 6,18,964.97 |

1. The term loan from State Bank of Bikaner & Jaipur (SBBJ) & State Bank of India (SBI) are secured by pari-pasu charge by way of equitable mortgage in favour of both banks against all existing and future fixed assets of the Company and further guaranteed by Mr. G. S. Kandoi and Mr. Manish Singhal, Directors of the company in their personal capacity.

2. All instalments are paid in due date, hence there is no failure at the end of the year.

NOTE NO. 2.4 : DEFERRED TAX LIABILITIES

Considering accounting procedure prescribed by the standard, the following amounts have been worked out and provided in books:

(Amount in Rs.'000)

| | As at 31st March, 2017 | | As at 31st March, 2016 |
|--|------------------------------|--|------------------------------|
| Major components of deferred tax balances | | | |
| Deferred Tax Liabilities | | | |
| Difference between accounting and tax depreciation | 79,206.40 | | 49,862.22 |
| Deferred Tax Assets | | | |
| Unabsorbed Depreciation | - | | - |
| Net Deferred Tax Liabilities | 79,206.40 | | 49,862.22 |

Net current deferred tax liability of Rs.29344.19 has been debited (Previous year Rs. 23144.40 has been credited) to Statement of Profit & Loss besides current tax of Rs. 42544.01 (Previous year Rs. 28682.80) as per Income Tax Act, 1961.

NOTE NO. 2.5 : SHORT TERM BORROWINGS

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|--|------------------------------|------------------------------|
| Loan payable on demand from Banks : | | |
| Secured | | |
| State Bank of India | | |
| a. Cash Credit Account | 7,384.08 | 5,862.47 |
| State Bank of Bikaner & Jaipur (SBBJ) | | |
| a. Cash Credit Account | 49,269.74 | 52,954.24 |
| d. Packing Credit Limit | 4,61,868.26 | 2,92,618.16 |
| Total | 5,18,522.08 | 3,51,434.87 |

Loans payable on demand from State Bank of Bikaner & Jaipur (SBBJ) is secured by pari passu charge way of hypothecation of stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts except receivable of agency division and all current assets of the company. The loans are further personal guaranteed of Mr. G. S. Kandoi and Mr. Manish Singhal Directors of the company.

Cash Credit Limits with State Bank of India (SBI) is secured by Hypothecation of receivables of Agency Division under Electronic dealer Finance Scheme (e-dfs).

NOTE NO. 2.6 : TRADE PAYABLE

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|-------------------------------------|------------------------------|------------------------------|
| For Goods | | |
| -Micro, Small & Medium Enterprises* | - | - |
| -Others | 1,20,473.08 | 90,003.49 |
| Total | 1,20,473.08 | 90,003.49 |

*The Company has not received any intimation from any of its suppliers about their having filed a memorandum in pursuance of Micro, Small and Medium Enterprises Development Act, 2006. Hence, the disclosure requirement u/s 22 of MSMED Act, 2006 is not applicable to the Company.


NOTE NO. 2.7 :- OTHER CURRENT LIABILITIES

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|--|------------------------------|------------------------------|
| a) Current maturities of long term borrowings (refer Note No. 2.3) | 1,07,512.00 | 1,03,512.00 |
| b) Statutory Liabilities | 7,358.14 | 5,560.82 |
| c) Liabilities for expenses | 90,777.83 | 80,612.18 |
| d) Advance from Customers | 15,351.43 | 7,509.44 |
| e) Security Deposit | 309.33 | 1,203.25 |
| f) Forward Account Payable | 64,850.00 | - |
| g) Premium on Forward Contract | 333.40 | - |
| h) Current Account | 26,164.74 | 5,885.91 |
| Total | 3,12,656.87 | 2,04,283.60 |

NOTE NO. 2.8 : SHORT TERM PROVISIONS

(Amount in Rs.000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|-----------------------------------|------------------------------|------------------------------|
| Provision for Income Tax | 63,491.07 | 28,682.80 |
| Less : Mat Credit Entitlement | 23,847.08 | - |
| Less: Advance Tax (As per contra) | 34,165.15 | (13,633.26) |
| | 5,478.84 | 15,049.54 |
| Total | 5,478.84 | 15,049.54 |

Accounting Standard 29:- "Provisions , Contingent Liabilities and Contingent Assets" : Movement of Provisions:

| Nature of Provision | Provision outstanding at the beginning of the year | Provision made during the year | Short Provision charged to Statement of | Provision utilized during the year | Provision outstanding at the end of the year |
|------------------------|---|--------------------------------------|--|--|---|
| Provision for Taxation | 28,682.80 | 55,922.13 | Profit and | 21,113.86 | 63,491.07 |

NOTE NO 2.10 : LONG TERM LOAN & ADVANCES

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|--------------------------------------|------------------------------|------------------------------|
| Unsecured and considered good | | |
| a) Security Deposits | 11,966.88 | 12,102.51 |
| Total | 11,966.88 | 12,102.51 |

NOTE NO. 2.11 INVENTORIES

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|-------------------------------|------------------------------|------------------------------|
| Raw Material | 59,275.80 | 25,917.63 |
| Work In process | 1,46,414.13 | 1,04,046.68 |
| Finished Goods | | |
| Towel | 87,548.76 | 14,744.56 |
| Waste | 254.72 | 125.10 |
| Stores,spares and Consumables | 45,130.31 | 61,541.58 |
| Dyes & Chemicals | 22,450.68 | 22,546.13 |
| Packing Material | 4,052.00 | 2,969.68 |
| Total | 3,65,126.40 | 2,31,891.36 |

(Refer Note no 1.2 for valuation policy of inventories)

NOTE NO. 2.12 : TRADE RECEIVABLES

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|--|------------------------------|------------------------------|
| UNSECURED & CONSIDERED GOOD | | |
| Exceeding six months from the date they became due | 7,240.69 | 5,273.14 |
| Others | 5,88,309.88 | 5,05,697.35 |
| Total | 5,95,550.57 | 5,10,970.49 |

NOTE NO. 2.13 : CASH & BANK BALANCES

(Amount in Rs.'000)

| | As at 31st March, 2017 | As at 31st March, 2016 |
|--|------------------------------|------------------------------|
| Bank Balance | | |
| - In Current Account and Deposit Account | 49,817.95 | 500.72 |
| -Cash on Hand | 929.19 | 661.05 |
| | 50,747.14 | 1,161.77 |



(Amount in Rs. 000)

| S.No. | Description | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------------|---|----------------------------------|---------------------------------------|-------------------------------------|-----------------------------|------------------|--------------|-----------|------------------|------------------|------------------|
| | | Opening balance As on 01.04.2016 | Purchases / Additions during the year | Sales / Adjustments during the year | Total Cost As At 31.03.2017 | Up to 31.03.2016 | Written back | Reversed | Up to 31.03.2017 | As At 31.03.2016 | As At 31.03.2017 |
| 1 | TANGIBLE ASSETS:- Land- Leasehold | 58,775.14 | 219.64 | 186.28 | 58,808.50 | - | - | - | - | 58,808.50 | 58,775.14 |
| 2 | Factory Building | 1,85,450.09 | 6,780.21 | - | 1,92,230.30 | 30,339.76 | 6,148.47 | - | 36,488.23 | 1,55,742.07 | 1,55,110.33 |
| 3 | Staff & Labour Quarters | 5,380.24 | - | - | 5,380.24 | 329.76 | 86.29 | - | 416.05 | 4,964.19 | 5,050.48 |
| 4 | Plant & Machinery | 12,32,734.13 | 44,105.84 | - | 12,76,839.97 | 5,92,184.15 | 1,20,974.17 | - | 7,13,158.32 | 5,63,681.65 | 6,40,549.98 |
| 5 | Weighing Scale | 87.81 | - | - | 87.81 | 67.88 | 0.46 | - | 68.34 | 19.47 | 19.93 |
| 6 | Misc. Fixed Assets | 21,171.14 | 1,013.26 | - | 22,184.40 | 9,196.81 | 3,660.37 | - | 12,857.18 | 9,327.22 | 11,974.32 |
| 7 | Lab Equipment | 1,986.90 | 239.85 | - | 2,226.75 | 1,105.94 | 164.74 | - | 1,270.67 | 956.08 | 880.96 |
| 8 | Elect. & Water Fitting | 37,357.53 | 73.41 | - | 37,430.94 | 15,790.35 | 3,183.57 | - | 18,973.92 | 18,457.02 | 21,567.18 |
| 9 | DG Set | 2,679.11 | - | - | 2,679.11 | 1,082.80 | 213.17 | - | 1,295.97 | 1,383.14 | 1,596.31 |
| 10 | Weighbridge | 1,236.02 | - | - | 1,236.02 | 447.28 | 99.26 | - | 546.54 | 689.48 | 788.73 |
| 11 | Furniture & Fixtures | 9,283.05 | 2,149.88 | - | 11,432.93 | 5,065.98 | 777.67 | - | 5,843.65 | 5,589.28 | 4,217.07 |
| 12 | Vehicles | 13,800.71 | 856.33 | 716.15 | 13,940.89 | 4,103.81 | 1,837.32 | 670.35 | 5,270.78 | 8,670.11 | 9,696.90 |
| 13 | Office Equipment | 2,691.48 | 693.72 | - | 3,385.20 | 1,445.81 | 446.61 | - | 1,892.42 | 1,492.78 | 1,245.67 |
| 14 | Computer | 4,019.48 | 294.09 | - | 4,313.57 | 3,219.11 | 384.16 | - | 3,603.27 | 710.30 | 800.37 |
| 14 | IT Equipments | 1,294.78 | - | - | 1,294.78 | 1,230.04 | - | - | 1,230.04 | 64.74 | 64.74 |
| 15 | Office Building | 820.70 | - | - | 820.70 | 137.15 | 13.11 | - | 150.26 | 670.44 | 683.55 |
| 16 | Canteen Appliances | 138.97 | - | - | 138.97 | 129.60 | 0.03 | - | 129.63 | 9.34 | 9.36 |
| 17 | ERP | 4,487.02 | - | 4,487.02 | - | 116.81 | 710.59 | 827.40 | - | - | 4,370.21 |
| 18 | A.C. Equipments | 121.12 | - | - | 121.12 | 109.66 | - | - | 109.66 | 11.46 | 11.46 |
| 19 | Stores & Spares | - | 10,749.53 | - | 10,749.53 | - | 2,505.09 | - | 2,505.09 | 8,244.44 | - |
| TOTAL | | 15,83,515.42 | 67,175.76 | 5,389.45 | 16,45,301.73 | 6,66,102.72 | 1,41,205.06 | 1,497.75 | 8,05,810.02 | 8,39,491.71 | 9,17,412.69 |
| PREVIOUS YEAR | | 15,24,141.22 | 59,374.19 | - | 15,83,515.41 | 5,30,007.96 | 1,36,094.74 | - | 6,66,102.72 | 9,17,412.69 | 9,94,133.27 |

| CAPITAL WORK IN PROGRESS | | |
|--------------------------|------------------|-----------------------------|
| DESCRIPTION OF ASSETS | Gross Block | |
| | As at 01.04.2016 | As at 31.03.2017 |
| | As at 01.04.2016 | Capitalized during the year |
| Capital Work in Progress | - | 43,292.18 |
| Total | 50,751.01 | 43,292.18 |
| Previous Year | - | 7,458.83 |
| | | 7,458.83 |



| NOTE NO. 2.14 : SHORT TERM LOANS & ADVANCES | | (Amount in Rs.'000) | |
|--|--|------------------------------|------------------------------|
| | | As at 31st March, 2017 | As at 31st March, 2016 |
| Unsecured & considered good | | | |
| a) Advances recoverable in cash or in kind or for value to be received | | 28,646.23 | 6,923.94 |
| b) Advances to Employees & Workers | | 912.14 | 184.80 |
| Total | | 29,558.37 | 7,108.74 |
| NOTE NO. 2.15: OTHER CURRENT ASSETS | | (Amount in Rs.'000) | |
| | | As at 31st March, 2017 | As at 31st March, 2016 |
| Unsecured & considered good | | | |
| Prepaid Expenses | | 1,074.88 | 1,395.60 |
| Income Tax Refundable | | 6,444.44 | 7,858.52 |
| Advance Income Tax and TDS | | 34,165.15 | 13,633.26 |
| Less: Provision for Current Tax (As Per Contra) | | 34,165.15 | (13,633.26) |
| Vat Refundable | | 1,294.37 | 2,361.76 |
| Excise & Service Tax Receivable | | 204.22 | 135.42 |
| Excise & Service Tax (Under Protest) | | 78.02 | 78.02 |
| Input Tax Credit | | 322.93 | 257.78 |
| Employee Group Gratuity Fund | | 10,367.63 | 8,043.43 |
| Interest Receivable Under TUF Scheme | | 15,268.75 | 31,126.79 |
| Receivables Against Export | | 81,055.77 | 54,077.74 |
| Forward Account Receivable | | 69,100.00 | - |
| Insurance Claim Receivable | | 3,122.92 | - |
| Accrued Interest | | 524.29 | - |
| MAT Credit (as per Provisions of Income Tax Act, 1961) | | 10,468.89 | 10,468.89 |
| Add: Entitled during the year | | 13,378.20 | - |
| Less: Mat Credit Utilized (Contra) | | 23,847.08 | 10,468.89 |
| TED Receivable | | 156.25 | 199.09 |
| Interest Subsidy Under Customized Package | | 6,944.17 | - |
| Total | | 1,95,958.64 | 1,16,003.04 |
| NOTE NO. 2.16: REVENUE FROM OPERATIONS | | (Amount in Rs'000) | |
| | | Current Year | Previous Year |
| (a) Sale of Products: | | | |
| Terry Towels (Net) | | 20,74,697.64 | 1986044.70 |
| Less: Central Excise | | 373.00 | 21.80 |
| (b) Sale of Services: | | | |
| Commission Income | | 8,017.05 | 6,618.84 |
| Processing Charges | | 912.94 | 8,946.83 |
| (c) Other Operating Revenues: | | | |
| Duty Drawback | | 1,38,930.07 | 1,17,850.92 |
| ROSL Scheme | | 4,089.64 | - |
| Duty Credit Scripts | | 37,899.56 | 23,823.70 |
| Total | | 22,64,173.90 | 21,43,263.19 |
| NOTE NO. 2.17: OTHER INCOME | | (Amount in Rs.'000) | |
| | | Current Year | Previous year |
| Interest Income | | 11,970.23 | 4,039.95 |
| Other non-operating income : | | | |
| Foreign Exchange Gain | | 24,642.76 | 25,223.86 |
| Rental Income | | 3,647.78 | 5,196.42 |
| Other Miscellaneous income | | 841.94 | 2,464.41 |
| Total | | 41,102.71 | 36,924.64 |
| NOTE NO. 2.18 : COST OF MATERIALS CONSUMED | | (Amount in Rs.'000) | |
| | | Current Year | Previous year |
| Raw Material Consumed | | | |
| Opening Stock | | 25,917.63 | 27,894.41 |
| Add: Purchases of Yarn | | 9,95,750.86 | 7,90,337.11 |
| Purchase of Dyed Towelling Fabric | | 61,939.47 | 55,014.87 |
| Freight | | 3.91 | 86.59 |
| | | 10,83,611.87 | 8,73,332.98 |
| Less: Closing Stock | | 59,275.80 | 25,917.63 |
| | | 10,24,336.07 | 8,47,415.35 |
| Dyes & Chemicals Consumed | | | |
| Opening Stock | | 22,546.13 | 24,433.15 |
| Add: Purchases | | 2,01,628.67 | 2,46,192.98 |
| Freight | | 869.78 | 795.12 |
| | | 2,25,044.58 | 2,71,421.25 |
| Less: Closing Stock | | 22,450.68 | 22,546.13 |
| | | 2,02,593.90 | 2,48,875.12 |
| Total | | 12,26,929.97 | 10,96,290.47 |
| NOTE NO. 2.19 : CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS | | (Amount in Rs.'000) | |
| | | Current Year | Previous year |
| Finished Goods (Towel) | | | |
| Closing | | 87,548.76 | 14,744.56 |
| Opening | | 14,744.56 | 61,010.00 |
| | | 72,804.20 | (46,265.44) |
| Work in progress | | | |
| Closing | | 1,46,414.13 | 1,04,046.68 |
| Opening | | 1,04,046.68 | 1,29,461.00 |
| | | 42,367.45 | (25,414.32) |
| Saleable Waste | | | |
| Closing | | 254.72 | 125.10 |
| Opening | | 125.10 | 110.00 |
| | | 129.62 | 15.10 |
| Total | | 1,15,301.27 | (71,664.66) |



NOTE NO. 2.20 : MANUFACTURING EXPENSES

(Amount in Rs.'000)

| | Current Year | Previous year |
|--|--------------------|--------------------|
| Consumable Stores | 79,485.99 | 58,262.29 |
| Job Charges | 53,487.77 | 30,756.01 |
| Packing Material | 45,844.64 | 46,746.27 |
| Power & Fuel | 1,96,143.71 | 1,59,353.66 |
| Repairs & Maintenance- Building | 5,002.43 | 2,826.67 |
| Repairs & Maintenance- Plant & Machinery | 4,858.99 | 5,575.39 |
| Stores & Spares | 41,472.64 | 17,959.36 |
| Other Manufacturing Expenses | 13,889.61 | 7,673.31 |
| Total | 4,40,185.78 | 3,29,152.96 |

NOTE NO. 2.21: EMPLOYEES BENEFITS EXPENSES

(Amount in Rs.'000)

| | Current Year | Previous year |
|--------------------------------|--------------------|--------------------|
| Salaries & Wages | 2,28,313.78 | 2,23,212.51 |
| Contribution to Provident Fund | 5,316.47 | 4,748.46 |
| ESIC | 3,406.03 | 170.82 |
| Gratuity | 342.48 | 45.07 |
| Staff welfare Expenses | 22,255.68 | 9,464.54 |
| Total | 2,59,634.44 | 2,37,641.40 |

As per Accounting Standard 15 - "Employee Benefits", the disclosure of Employee Benefits as defined in the accounting standard are given below:

a) Defined Contribution Plan : Employer's contribution to provident fund provided Rs. 5316.47 (Previous year Rs. 4748.46) and Rs.3406.03 (Previous Year Rs.170.82) to ESI Contribution has been recognized as expenses for the year.

b) Defined Benefit Plan : Present value of gratuity is determined based on actuarial valuation using the projected unit credit method. Other long term benefits in the form of leave encashment is provided based on the percentages notified by the Government guidelines.

Actuarial Valuation

| Particulars | Current Year Amount (Rs.'000) | Previous Year Amount (Rs. '000) |
|----------------------------|--------------------------------|---------------------------------|
| PV of Past Service Benefit | 5,915.00 | 5,715.45 |
| Current Service Cost | 3,493.51 | 3,395.29 |
| Total Service Gratuity | 1,18,176.62 | 1,16,629.54 |
| Accrued Gratuity | 7,237.42 | 7,053.77 |
| LCSA | 1,03,922.91 | 96,968.58 |
| LC Premium | 178.76 | 163.15 |
| Service Tax | 26.81 | 23.66 |

Recommended Contribution Rate

| Particulars | Amount (Rs.'000) | Amount (Rs.'000) |
|--|-------------------|-------------------|
| Fund Value as on renewal date/Initial Contribution | 10,367.63 | 8,043.43 |
| Additional Contribution for existing fund | 0.00 | 0.00 |
| Current Service Cost | 831.41 | 1,916.70 |
| Total Amount Payable | 1,036.98 | 2,103.51 |

Actuarial Assumptions

| Particulars | Amount (Rs.) | Amount (Rs.) |
|-------------------|---------------------------|---------------------------|
| Mortality Rate | LIC (2006-08) ultimate | LIC (2006-08) ultimate |
| Withdrawal Rate | 1% to 3% depending on age | 1% to 3% depending on age |
| Discount Rate | 8% p.a. | 8% p.a. |
| Salary Escalation | 7% | 7% |

NOTE NO. 2.22: FINANCE COST

(Amount in Rs.'000)

| | Current Year | Previous year |
|--------------------------|------------------|------------------|
| a) Interest Expenses | 45,511.63 | 70,708.86 |
| b) Other Borrowing Costs | 9,124.05 | 7,013.36 |
| Total | 54,635.68 | 77,722.22 |

NOTE NO. 2.23 :OTHER EXPENSES

(Amount in Rs.'000)

| | Current Year | Previous year |
|-------------------------------|--------------------|--------------------|
| Insurance | 1,096.70 | 1,153.81 |
| Rent | 2,331.38 | 1,956.04 |
| Clearing & Forwarding Charges | 46,245.88 | 45,118.51 |
| Commission on sale | 48,131.80 | 48,641.74 |
| Payment to Auditors | | |
| - As Auditor | 120.00 | 120.00 |
| Miscellaneous Expenses | 43,497.09 | 34,046.58 |
| Total | 1,41,422.85 | 1,31,036.68 |

NOTE NO. 2.24 : EXCEPTIONAL ITEM

(Amount in Rs)

| | Current Year | Previous year |
|-----------------|-----------------|---------------|
| ERP written off | 3,659.62 | 0 |
| Total | 3,659.62 | - |



NOTE NO. 2.25 : EARNING PER SHARE

| | Unit | Current year Before exceptional items | Current year after exceptional items | Previous year Before exceptional items | Previous year after exceptional items |
|--|-----------------|---------------------------------------|--------------------------------------|--|---------------------------------------|
| a) Amount used as the numerator profit after tax, dividend on preference shares and tax thereon | Rs. In Thousand | 93221.11 | 89561.49 | 92688.15 | 92688.15 |
| b) Weighted average number of equity shares used As the denominator in computing basic Earning Per Share | Nos | 5221000 | 5221000 | 5221000 | 5221000 |
| c) Nominal Value per share | Rs. | 10 | 10.00 | 10.00 | 10.00 |
| d) Earning per share | | | | | |
| Basic | Rs. | 17.86 | 17.15 | 17.75 | 17.75 |
| Diluted | Rs. | 17.86 | 17.15 | 17.75 | 17.75 |

NOTE NO. 2.26:- CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in Rs.'000)

| | As at 31st March, | As at 31st March, |
|--|--------------------|-------------------|
| (I) Contingent Liabilities | | |
| Bank Guarantees | 42,000.00 | 37,000.00 |
| (II) Capital and Other Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 80,000.00 | - |
| Total | 1,22,000.00 | 37,000.00 |

NOTE NO. 2.27:- DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification G.S.R 308 (E) March 31, 2017. The details of Specified Bank Notes held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes are as follows

| | SBNs | Other Denomination | Total (In Rs.) |
|---|----------|--------------------|-----------------|
| Closing Balance in hand as on 8-11-2016 | 8,75,000 | 4,60,489 | 13,35,489 |
| (+) Permitted Receipts | - | 23,46,199 | 23,46,199 |
| (-) Permitted Receipts | - | 20,40,805 | 20,40,805 |
| (-) Amount Deposited in Bank | 8,75,000 | - | 8,75,000 |
| Closing Balance in hand as on 30-12-2016 | - | 7,65,883 | 7,65,883 |

3) OTHER NOTES

3.1 Related party Disclosure (AS-18)

The company has identified all the related parties as per details given below.

Relationship:

a) Key Management Personnel and their enterprises

- Shri G.S Kandoi
- Shri Manish Singhal
- Shri Ramesh Chand Maheshwari
- Smt. Savitri Kandoi
- Shri Harshit Attar
- Shri Shiv Ratan Sharma
- Shri R.S. Gemini
 - a) Tirupati Plastomatics Pvt. Ltd
 - b) Kiran Infratech

b) Relative of Key Management Personnel and their enterprises

1. Shri Vivek Singhal
 - a) Chrome International Co Ltd
 - b) B I Enterprises Pvt Ltd
2. Shri Baldev das Gauri Shanker HUF
3. Smt. Prity Singhal
4. Smt. Ritu Singhal



c) Transaction carried out with related parties referred in 1, in ordinary Course of business on arms length:

(Amount in Rs.'000)

| Nature of Transaction | Related Party | | | |
|-------------------------------|------------------------|---------------|------------------------|---------------|
| | Referred in 1(a) above | | Referred in 1(b) above | |
| | Current Year | Previous year | Current Year | Previous year |
| Expenses | | | | |
| Salary | 13,683.94 | 10,669.09 | 4,700.00 | 3,100.00 |
| Interest paid | 1,758.71 | 2,827.61 | - | 122.87 |
| Loan Payable as on 31.03.2017 | 26,164.74 | 5,885.91 | - | - |
| Interest recd. | - | 24.12 | - | - |
| Rent Recd | - | - | 60.00 | 60.00 |
| Rent Paid | - | - | 2,382.10 | 1,998.64 |
| Goods Sold | 1,18,283.92 | 33,828.41 | - | - |
| Goods purchased | - | - | 6,36,348.02 | 84,590.49 |

3.2 Export obligation against EPCG License Rs.6540.77 (Previous year Rs 45000.00) is outstanding as on 31.3.2017.

3.3 The company is engaged mainly in textile business and it has following Business Segments in terms of As-17, which are not reportable segments and hence, no reporting is done:-

- 1) Textile & Garment
- 2) Agency Division.

3.4 Accounting Standard 28- "Impairment of Assets"-

The company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

3.5 Financial and Derivatives Instruments

Company has entered into following foreign exchange financial instruments

a) The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments on forecasted as transactions as approved by Board of Directors. The company does not use forward contracts for speculation purpose.

Outstanding forward exchange financial instruments entered into by the company as on 31.3.2017 is as under:

(Amount in Rs'000)

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|------------------|------------------|------------------|
| No. of contracts | 2 | 5 |
| US Dollar | 10,00,000 | 23,40,613 |
| INR equivalent | 69,100.00 | 1,61,970.51 |

3.6 Value of Imports on CIF basis:-

(Amount in Rs'000)

| Particular | Current Year | Previous year |
|--------------------------|--------------|---------------|
| Spare parts & consumbles | 29,369.41 | 20,821.61 |
| Capital Goods | 1,606.35 | - |

3.7 Value of Raw Material, Components, & Spare Parts consumed

(Amount in Rs'000)

| Particular | Current Year | | Previous year | |
|--------------------------------------|--------------|-------|---------------|-------|
| | Amount | % | Amount | % |
| Raw Material | | | | |
| Imported | - | - | - | - |
| Indigenous | 12,26,929.97 | 100 | 10,96,290 | 100 |
| Spare parts & Consumables | | | | |
| Imported | 24,917.73 | 20.60 | 3,919.76 | 21.83 |
| Indigenous | 96,040.90 | 79.40 | 14,039.60 | 78.17 |



3.8 Expenses in foreign currency in respect of (Amount in Rs'000)

| Particulars | Current year | Previous year |
|----------------------------|--------------|---------------|
| Travelling | 2,064.29 | 723.86 |
| Commission | 36,886.13 | 33,650.51 |
| Marketing/ Exhibition Exp. | 281.82 | 839.07 |
| Membership Fee | 127.85 | 119.23 |
| Inspection Fee | 227.46 | 162.12 |
| Misc. Exp. | 509.34 | 137.84 |
| Testing Fee | 1,186.77 | 985.13 |

3.9 Earning in Foreign Currency (Amount in Rs'000)

| Particulars | Current year | Previous year |
|------------------------------|--------------|---------------|
| Export of Goods on FOB Basis | 18,87,078.22 | 16,57,466.79 |

3.10 All assets and liabilities are presented as Current and Non current as per the criteria set out in the Schedule III of The Companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the company has ascertained its operating cycle less than 12 months, accordingly 12 months period has been considered for the purpose of Current/ Non-current classification of assets and liabilities.

In terms of our Audit Report of even date

FOR R SOGANI & ASSOCIATES

Chartered Accountants
FRN: 018755C

(CA BHARAT SONKHIYA)

Partner
M. No. 403023

Place : JAIPUR
Dated: 30.05.2017

(G. S. KANDOI)

Chairman Cum Managing Director
DIN: 00120330

(Harshit Attar)

Company Secretary
M.No. 41051

For & on behalf of the Board

FOR K G PETROCHEM LTD.

(MANISH SINGHAL)

Director
DIN: 00120232

(Shiv Ratan Sharma)

CFO



KG Petrochem Limited

Registered Office: C-171, Road NO.9J, V.K.I. Area, Jaipur Rajasthan-302013

CIN: L24117RJ1980PLC001999 Contact: 0141-2331231 Fax: 0141-2332845

Email: jproffice21@bhavik.biz Website: www.kgpetro.in

ATTENDANCE SLIP

I/We.....R/o
hereby record my/our presence at the 37th Annual General Meeting of the Company on Thursday, 21st day of September, 2017 at 10.30 A.M. at C-171, Road No 9J, VKI Area, Jaipur 302013, Rajasthan

| | |
|---------------|-----------------|
| DPID * : | Folio No. : |
| Client Id * : | No. of Shares : |

* Applicable for investors holding shares in electronic form.

Signature of shareholder(s) /
proxy

Note:

1. Please fill this attendance slip and hand it over at the entrance of the hall.
2. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
3. Electronic copy of the Annual Report for 2017 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical copy of the Annual Report for 2017 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

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KG Petrochem Limited

Registered Office: C-171, Road NO.9J, V.K.I. Area, Jaipur Rajasthan-302013

CIN: L24117RJ1980PLC001999 Contact: 0141-2331231 Fax: 0141-2332845

Email: jproffice21@bhavik.biz Website: www.kgpetro.in

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 : L24117RJ1980PLC001999
Name of the Company : KG Petrochem Limited
Registered Office : C-171, Road NO.9J, V.K.I. Area, Jaipur Rajasthan-302013
Name of the member :
Registered Address :
Email ID :
Folio No/Client No :
DP ID :

I/We being the member(s) of ----- Shares of the above Company hereby appoint:

| S.No. | Name | Address | Email address |
|-------|------|---------|----------------|
| 1 | | | or failing him |
| 2 | | | or failing him |
| 3 | | | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company on Thursday, 21st day of September, 2017 at 10.30 A.M. at C-171, Road No 9J, VKI Area, Jaipur 302013, Rajasthan 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:

| S.No. | Resolution | For | Against |
|-------|---|-----|---------|
| 1. | Adoption of Audited Financial Statement of the company for the year ended 31.03.2017 together with the report of the Board of Directors and Auditors. | | |
| 2. | Re-appointment of Mr. Manish Singhal, who retires by rotation. | | |
| 3. | Ratification of appointment of R. Sogani & Associates, Chartered Accountant as auditors of the company | | |
| 4. | Appointment of Mrs. Prity Singhal (DIN - 00108706) as an Director of the Company | | |
| 5. | Ratification of remuneration of Mr. Ramesh Chand Maheshwari. | | |
| 6. | Appointment of Mrs. Prity Singhal as Whole Time Director. | | |
| 7. | To Consider the re-appointment and increase in remuneration of SHRI GAURI SHANKER KANDOI (DIN 00120330), Managing Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution. | | |
| 8. | To Consider the re-appointment and increase in remuneration of SHRI MANISH SINGHAL (DIN 00120232), Whole Time Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution. | | |
| 9. | To Consider the re-appointment and increase in remuneration of SHRI RAMESH CHAND MAHESHWARI (DIN 00091429), Whole Time Director of the company and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution. | | |



Affix Revenue Stamp of Re.1

** It is optional to 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 Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

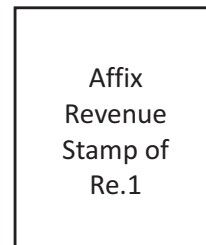
Signed this day of..... 2017

Signature of shareholder.....

Signature of Proxy holder(s) (1).....

Signature of Proxy holder(s) (2).....

Signature of Proxy holder(s) (3).....



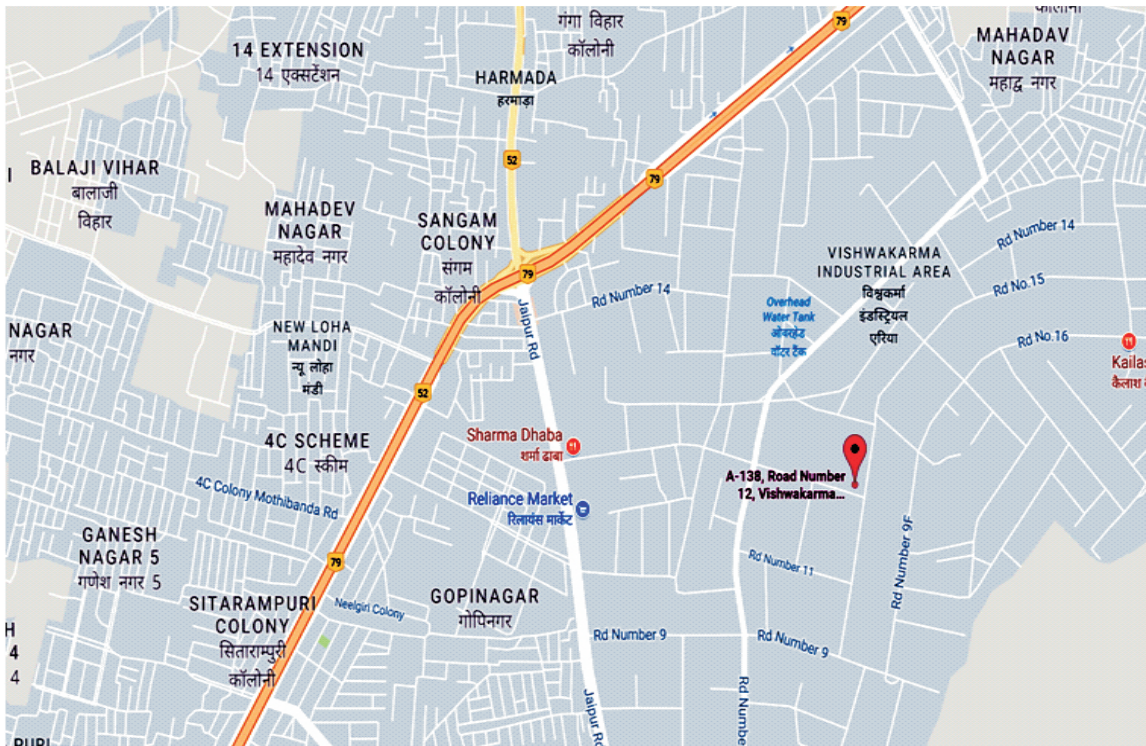
Notes:

1. 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.
2. A Proxy need not be a member of the company.
3. 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.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
5. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 37th Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.



KG Petrochem Limited

VENUE OF THE MEETING
KG Petrochem Limited
C-171, Road No. 9J, V.K.I. Area, Jaipur-302012



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