



BOARD'S REPORT

To,
The Members of
K G Petrochem Limited

Your Directors have pleasure in presenting this 38th 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, 2018.

1. FINANCIAL HIGHLIGHTS

	2017-2018	2016-2017*
Gross Income	23357.47	23154.13
Profit Before Interest and Depreciation	3055.88	3644.36
Interest Charges	521.07	573.02
Profit Before Depreciation	2534.81	3071.34
Depreciation	1554.8	1426.7
Net Profit Before Tax	980.01	1608.04
Provision for Tax	198.52	606.09
Net Profit After Tax	781.49	1001.95

*(The Company has adopted IND-AS, therefore previous figures has been changed)

2. 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. 22727.38 lacs as against Rs. 22645.48 Lacs in the preceding financial year. There were no substantial increase in the turnover of the company in comparison to last year. The profit before tax for the year Rs. 980.01 lacs as compared to Rs. 1608.04 lacs in the previous year. Further Segment wise result of operation is as under:-

Textile Division

During the year, its revenue from operation was Rs. 22634.62 lacs including export sales of Rs 18897.23 lacs (FOB) as against Rs. 22565.31 lacs including export of Rs. 18870.78 lacs in previous year, the growth of the division is not substantial. The performance of the division was average.

Agency Division

During the year the agency division has sold HDPE/LLDPE Granules 23367.50 Mt. amounting to Rs. 22809.55 lacs in comparison to 19795.22 Mt. amounting of Rs. 20360.94 lacs in last year and earned commission of Rs. 92.76 lacs as compared to last year Rs. 80.17 Lacs. The division has performed well during the year under review.

Garment Division

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

Technical Textile Division

Almost all Plant and Machinery has arrived at factory site, the installation of the Plant and Machinery are in process and expected to complete by the end of July-2018.

3. CHANGE IN NATURE OF BUSINESS, IF ANY

There was no change in the business of the Company during the financial year 2017-18.

4. DIVIDEND

In order to conserve the resources of company the Board of Directors are not recommending any dividend this year.



5. AMOUNTS TRANSFERRED TO RESERVES

The profit after tax of Rs.781.49 lacs of the current year is carried to Other Equity.

6. 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.

7. SHARE CAPITAL

There was no any change in share capital of the company during the financial year 2017-18.

8. MATERIAL CHANGES AND COMMITMENTS

There is no material changes have occurred during the financial, affecting the financial position of the company, and till 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.

9. 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.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of Nomination and Remuneration Committee, the Board appointed Mr. Saied Mohammad, as a Company Secretary and compliance officer of the company on account of casual vacancy with effect from May 30, 2018 as Mr. Harshit Attar has resigned w.e.f 17th April 2018.

As approved by the Share Holders at the Annual General Meeting (AGM) held on 21st September 2017, Mrs Prity Singhal (DIN : 02664482) was appointed as Whole Time Director of the Company for the period of three years, with effect from 01.10.2017.

As per the provisions of the Companies Act, 2013, Mr. Ramesh Chand Maheshwari 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.

Mrs. Savitri Kandoi, Director of the company has resigned from Board of Directors after attending AGM on 21.09.2017. The Board records their appreciation for the services rendered by Mrs. Savitri Kandoi during her tenure.

As per provision of the Section 203 of the Companies Act 2013 Chairman cum Managing Director, Whole Time Directors, Chief Financial Officer and Company Secretary are the Key Managerial Person of the Company.

11. BOARD AND COMMITTEE MEETINGS

The details of Board and Committee meetings held during the financial year 2017-18 are set out in Corporate Governance Report forming part of this report.

12. 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.

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

13. REMUNERATION POLICY

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

14. CREDIT RATING

ICRA has assigned and continued 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.

15. DISCLOSURE UNDER THE SEXUAL HARASMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT

During the Financial Year ended on 31st March 2018, the internal complain committee on Sexual Harrasment of Women, did not receive any compliant regarding sexual harrasment of women at workplace by any employee.

16. LISTING STATUS

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

17. SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

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

18. BOARD COMMITTEES

The Company have following Committees:

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

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

19. 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. The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.kgpetro.in>.

20. 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 also available on the Company's website www.kgpetro.in

21. 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 1098 regular employees as at March 31, 2018.

22. 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 were 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.

23. 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'.

24. 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.

25. 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.

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

Information on conversation 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.

27. 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'.

28. 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'.

29. 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 , 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.



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.

Notes of the financial statement refer to the Auditor Report are self explanatory and does not required further comments. The Auditor does not contain any Qualification, Observation, Adverse remark or disclaimer in his report.

30. 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, 2018 is annexed herewith for your kind perusal and information. (Annexure -IX). The Secretarial Auditor does not contain any qualification, observation, adverse remark or disclaimer in his report.

31. COST AUDIT

As per Sub Rule (3) of Rule 4 of Companies (Cost Records & Audit), Rules, 2014, Cost Audit for the FY 2017-18 is not applicable on the company, as the export turnover of the company is more than 75% of its total turnover.

32. 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. 2017-18.

33. DEPOSITS

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

34. 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, 2018, 97.44% of the share capital stands dematerialized.

35. 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>

36. 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.

37. 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.

38. 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

K G Petrochem Limited

Date : 31.07.2018

Manish Singhal
Whole Time Director
DIN : 00120232

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

Place : Jaipur

ANNEXURE-I

Annual Compliance with the Code of Conduct for the Financial Year 2017-2018

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, 2018 from all the Board Members and Senior Management Personnel.

For and on behalf of the Board of Directors

K G Petrochem Limited

Date : 31.07.2018

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

Place : Jaipur