



ANNEXURE-VIII
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

During FY 2017-18, 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.
- iv) Technical Textiles - To Manufacture Artificial Leather

SEGMENT ANALYSIS AND REVIEW

A. TEXTILE DIVISION:

Textile division of the Company has performed well. During the year, the division booked nominal growth in the export Turnover, over all revenue from operations has not substantial changes. The division also accelerates its growth in the export (FOB) turnover increased from Rs. 18897.23 lacs to Rs. 18870.78 lacs.

B. TECHNICAL TEXTILE:

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 June-2018, and will start commercial production in second quarter.

C. AGENCY DIVISION:

During the year the agency division has sold HDPE/LLDPE Granules 23367.50 Mt. amounting to Rs. 22809.55 lacs in comparison of 19795.22 Mt. amounting of Rs. 20360.94 lacs 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.

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-IX

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment

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;