

BOARDS' REPORT

To,
The Members

Your Directors presents the 29th Annual Report together with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL RESULTS:

The Company's financial performance for the year ended 31st March, 2019 is summarized below:

| Particulars | 2018-19 | 2017-18 |
|--|----------|----------|
| Total Turnover & Other Income | 15615.38 | 18000.00 |
| Less : Manufacturing and Other Expenses | 15301.20 | 13977.36 |
| Profit / (Loss) before interest and Depreciation | 314.18 | 4022.64 |
| Less : Interest | 82.99 | 4.42 |
| Profit / (Loss) after Interest | 231.19 | 4018.22 |
| Less : Depreciation and Misc. Expenses written off | 198.25 | 177.27 |
| Net Profit / (Loss) Before Tax | 32.94 | 3840.95 |
| Less: Provision for Tax (including Deferred Tax) | 75.32 | 785.74 |
| Profit/(Loss) after tax | (31.63) | 3055.21 |
| Balance Profit/(Loss) brought forward from Previous Year | 6898.91 | 3843.70 |
| Balance profit / (Loss) carried to balance Sheet | 6867.28 | 6898.91 |

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The total net profit before tax of the Company has decreased from Rs. 3840.95 Lakhs to Rs. 32.94 Lakhs in 2019. The Company has incurred Net Loss of Rs. 31.63 Lakhs in 2019 as compared to Net profit after tax Rs. 3055.21 in the previous year.

During the year the Company faced turbulence. First in terms of major shut down in October 2018. The start up became lethargic on account of ageing of the plant. Then in December 2018, there was a major stoppage of plant occurred, which in the beginning looked insignificant but turned out to be major.

The focus of the Company to have dye intermediates as a substantial revenue generator also suffered a set back because of price crash in the dye intermediates. The Beta Naphthol series of intermediates was then stopped. The Company has started other dye intermediates to replace the Beta Naphthol intermediates and hope to do better in this sector.

The turbulence in the intermediate market coupled with reduction in value addition of CPC was a set back in this year. The Company is hopeful that this coming year will be better than the previous though the signs of headwinds in terms of recession is seen by the Company.

The Companies products however remain fairly well established and the Company has a loyal set of customers.

DIVIDEND:

In view of Loss incurred, your Directors do not recommend any dividend for the year ended 31st March, 2019

RESERVES:

The Company does not transfer any amount to General Reserve.

CHANGE IN NATURE OF BUSINESS:

The Company is engaged in the business manufacturing Phthalocyanine range of pigments and Dye Intermediates. There was no change in the nature of business activities of the Company during the year under review.

MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

SUBIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have subsidiary, joint venture and associate company.

DEPOSITS:

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 73 and 76 of the Companies Act 2013 read with the Companies (Acceptance deposits Rules), 2014. There was no deposit which remained unclaimed and unpaid at the end of the year.

EXTRACT OF ANNUAL RETURN:

An extract of Annual Return in Form MGT-9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is attached herewith and marked as 'Annexure I'.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As per Section 152(6) of the Companies Act, 2013 Mr. Mohit P. Kaushik retires by rotation and being eligible offers himself for re-appointment as the Director of the Company.

Mrs. Manali More ceased to be Chief Financial Officer (CFO) of the company w.e.f. 5th March, 2019 and was re-appointed as the Chief Financial Officer (CFO) w.e.f. 10th April, 2019.

Mr. Nawal Sharma was appointed as the Chief Financial Officer (CFO) w.e.f. 5th March, 2019 and he ceased to be Chief Financial Officer (CFO) w.e.f. 1st April, 2019.

Other than stated above there was no change in the Directors and Key Managerial Personnels of the Company.

COMPOSITION OF BOARD AND STATUTORY COMMITTEES FORMED THEREOF:

The Composition of the Board and Statutory Committees thereof along with other details are given in the Corporate Governance Report.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

The Board met 5 (Five) times during the year. The details of the meetings are given in the Corporate Governance Report. The intervening gap between the two meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DECLARATION OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company have given the requisite declaration pursuant to Section 149(7) of the Companies Act, 2013 to the effect that they meet criteria of independence as provided in Section 149(6) of the Act.

FORMAL ANNUAL EVALUATION:

Pursuant to the provisions of Sec 134(3) of Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 and Regulation 4 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The Board, on the recommendation of the Nomination and Remuneration Committee of the Company, has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Salient features of the Remuneration Policy are:

The Remuneration Policy of the Company is divided into the following headings and the entire policy is available on the website of the Company www.kesarpetroproducts.com;

1. Preface
2. Commencement
3. Definitions
4. Purpose
5. Principles of Remuneration
6. Nomination and Remuneration Committee
7. Selection and appointment of the Board Members
8. Process for evaluation
9. Publication

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby 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 have 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 as at 31st March 2019 and of the profit of the company for period ended on that date;
- (c) the directors have 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 have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Following are the particulars of loans, guarantees and investments under Section 186 of the Companies, Act, 2013 of the Company:

- (A) Loans provided:

Amount in Rs.)

| Opening Balance | Amount of Loans Given During The Year | Amount Of Repayment | Closing Balance |
|-----------------|---------------------------------------|---------------------|-----------------|
| 21,62,24,492 | 10,05,41,311 | 10,18,44,365 | 21,49,21,438 |

- (B) Guarantees:

No Guarantees were given during the year under review.

(C) Investments made:

| Nature of Investments | Opening Balance | Amount Invested during the year | Amount Redeemed | Closing Balance |
|--|--------------------|---------------------------------|--------------------|--------------------|
| Union Capital Protection Oriented Fund | 1,25,00,000 | 10,06,250 | - | 1,35,06,250 |
| Union Balanced Advantage Fund | 2,00,00,000 | | 2,00,00,000 | |
| Money Market Fund Growth | 1,00,00,000 | | 1,00,00,000 | |
| Union Liquid Fund Growth | 1,00,00,000 | | 1,00,00,000 | |
| Total | 5,25,00,000 | 10,06,250 | 4,00,00,000 | 1,35,06,250 |

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES PURSUANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013:

There were no contracts or arrangements or transactions with any related parties which could be considered material in accordance with the policy of the Company during the year under review. Hence, the Company is not required to disclose details of the related party transactions in Form AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

PARTICULARS OF EMPLOYEES:

There was no employee who was employed throughout the year or part thereof and in receipt of remuneration aggregating to Rs. 1,02,00,000/- p.a. or more or who was employed for part of the year and in receipt of remuneration aggregating to Rs.8,50,000/- p.m. or more.

PARTICULARS AS PER RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The details related to employees and their remuneration as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned in Annexure 'III' to this Board's Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy-

| | | |
|-------|---|---|
| (i) | the steps taken or impact on conservation of energy; | NIL |
| (ii) | the steps taken by the company for utilizing alternate sources of energy; | Exploring the possibility of power generation through sulphuric acid. |
| (iii) | the capital investment on energy conservation equipment. | NIL |

(B) Technology absorption-

| | | |
|-------|--|---|
| (i) | the efforts made towards technology absorption; | Rs. 45.09 lacs invested in technology to have zero liquid discharge |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution; | NIL |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | NIL |
| (iv) | the expenditure incurred on Research and Development. | Rs. 52.00 lacs |

(C) Foreign exchange earnings and outgo-

| | |
|---|-----------------|
| The Foreign Exchange earned in terms of actual inflows during the year; | Rs.238.01 Lakhs |
| The Foreign Exchange outgo during the year in terms of actual outflows. | Rs1275.21 Lakhs |

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS:

There was no significant material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has in place proper and adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Company monitors and evaluates the efficacy and adequacy of internal control system, its compliance with operating systems, accounting procedures and policies.

VIGIL MECHANISM POLICY:

The Company has a Vigil Mechanism policy to deal with instance of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The details of the Vigil Mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company. We affirm that during the financial year 2018-19, no employee or director was denied access to the Audit Committee.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT:

Pursuant to Regulation 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the following have been made a part of the Annual Report and are attached to this report:

- Management Discussion and Analysis Report - '**Annexure -IV**'
- Corporate Governance Report - '**Annexure V**'
- Declaration by Executive Director/CEO affirming with the compliance of the code of conduct of Board of Directors and Senior Management - '**Annexure VI**'
- Auditors' Certificate regarding compliance of conditions of Corporate Governance - '**Annexure VIII**'

STATUTORY AUDITORS:

At the Company's 27th Annual General Meeting held on 28th September, 2017, M/s. A. Sachdev Co., Mumbai, Chartered Accountants (Firm Reg. No. 001307C) has been appointed as the Statutory Auditor of the Company for a term of 5 years to hold office from the conclusion of the 27th Annual General Meeting until the conclusion of the 32nd Annual General Meeting of the Company.

INTERNAL AUDITORS:

The Company has appointed M/s. Sayeed Khan & Associates, Chartered Accountants, Mumbai as Internal Auditors. The Internal Auditors monitor and evaluate the efficiency and adequacy of internal control systems in the Company, its compliances with operating systems, accounting procedures and policies at all locations of the Company and reports the same on quarterly basis to the Audit Committee.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Pankaj & Associates, Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is attached herewith and marked as 'Annexure VII'.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There were no qualifications, reservations, adverse remarks made or fraud reported by the Statutory Auditors in their reports. There are also no points for which separate explanation would be given.

CORPORATE SOCIAL RESPONSIBILITY:

Pursuant to Section 135 of the Companies Act, 2014 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has formed Corporate Social Responsibility Committee and a Policy on Corporate Social Responsibility (CSR).

The Company could not spend the required amount on CSR activities as per the CSR policy of the Company because the Company could not identify proper project to make expenditure towards its CSR obligations. The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year is set out in '**Annexure II**' of this report in the format prescribed in the Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

Internal Complaint Committee was formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was received by the Committee.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the support and confidence reposed by the shareholders of the Company.

**By Order of the Board of Directors
For Kesar Petroproducts Limited**

Place: Mumbai

Date: 14th August, 2019

**Mohit P. Kaushik
Executive Director & CEO
DIN: 06463483**

**Mrs. Snehlata D. Sharma
Director
DIN: 01854393**