



# 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

KGPL/2016-17/019

Date: 07.10.2016

General Manager  
Bombay Stock Exchange Limited  
25, PJ Towers  
Dalal Street  
Mumbai

Scrip Code: 531609

**Sub: Disclosure of 36<sup>th</sup> Annual Report of the company as per requirement of Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015**

Dear Sir

With reference to the above captioned subject, we inform you that 36<sup>th</sup> Annual Report has been approved and adopted in the 36th Annual General Meeting of the company which was held on 26<sup>th</sup> day of September, 2016.

We are enclosing the 36<sup>th</sup> Annual Report of the company, under Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015

You are requested to take the same on your record and acknowledge the receipt.

Thanking You.

Yours Faithfully

For KG Petrochem Ltd.

Harshit Attar  
(Company Secretary)

Regd. Office : C-171, Road No. 9-J, VKI Area, Jaipur-302 013  
Factory Address : Plot No. SP-4/3, RIICO Industrial Area, V. & P. Keswana, Teh. - Kotputli-303108  
Tel. : 01421-324500



#### 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 (w .e .f. 9.11.15)
Mr. Rameshwar Pareek	:	Independent Director
Mr. Kamlesh Sharma	:	Independent Director
Mr. Raj Kumar Agarwal	:	Independent Director

#### Content

#### Pages

1. Chairman Message	2
2. Notice of AGM	3
3. Director Report	8
4. Report on Corporate Governance	28
5. Auditor Certificate on Corporate Governance	37
6. Management Discussion & Analysis	38
7. Auditor's Report	39
8. Balance Sheet	45
9. Statement of Profit & Loss	46
10. Cash Flow Statement	47
11. Significant Accounting Policies & Notes on Financial Accounts	48

#### MANAGEMENT EXECUTIVE

##### Company Secretary & Compliance Officer

CS Navita Khunteta (Till 04.02.2016)  
CS Harshit Attar (From 27.05.2016)

##### Chief Financial Officer

Shiv Ratan Sharma

#### BANKER

STATE BANK OF BIKANER & JAIPUR  
STATE BANK OF INDIA

#### 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

#### WORKS

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



## **MISSION STATEMENT**

TO BE THE GLOBAL MANUFACTURER AND SUPPLIER OF THE  
HIGHEST QUALITY PRODUCTS AND SERVICES AT A  
REASONABLE PRICE TO SATISFY  
CUSTOMERS WORLDWIDE

## **VISION**

WE ARE DEDICATED TO DELIVER SUPERIOR  
STAKEHOLDER VALUE WITH PASSION AND  
ENTREPRENEURIAL SPIRIT

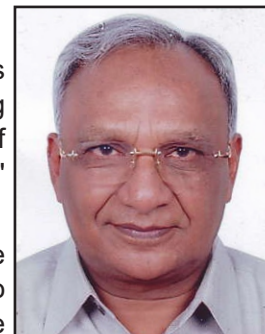
## **VALUE**

INTEGRITY - NEVER COMPROMISED

## **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 36th Annual General Meeting of your Company. The Board Report and Audited Financial Statements of the Company for the year ended March 31, 2016 along with the Auditors' Report thereon has been with you.



During FY 2015-16, 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 Central Government in its second year has begun to implement initiatives aimed at re-shaping growth trends for the country. The focus on financial inclusion, improved infrastructure, revival of the rural economy and impetus on local manufacturing are important thrust areas that will benefit consumption patterns in India. Furthermore, initiatives like Make in India and Digital India, 'Start Up India, Stand Up India' and projected India as an important destination for manufacturing activity, it will play a vital role in driving the Indian economy. An expected normal Monsoon in FY 2016-17 will give agriculture growth kick, which will prove good for Indian Economy and should lift upward.

Amidst such a scenario, 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.21432.63 lacs in FY 2015-16 as against Rs.18589.93 lacs in FY 2014-15, an increase of 15.29% on a year on year basis. KGPL also achieved its record level of export (FOB) Rs.16574.67 lacs in F.Y. 2015-16 in comparison to Rs.14810.95 lacs in FY 2014-15, thus increased by 11.91 %. Profit after tax was Rs. 926.88 lacs as against Rs.208.71 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.

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 Best Wishes,

**G.S. KANDOI**

Chairman



## K G Petrochem Limited

CIN: L24117RJ1980PLC001999

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

Telephone : 01412331231,

Email: jproffice21@bhavik.biz

Website : www.kgpetro.in

### NOTICE

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of members of K G PETROCHEM LIMITED will be held on Monday, 26.09.2016 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, 2016 and the Statement of Profit and Loss Account and the Cash Flow Statement for the financial year ended 31.03.2016 and the Report of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted".
2. "RESOLVED THAT Mrs. Savitri Kandoi (DIN: 06921389) 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 39<sup>th</sup> Annual General Meeting of the Company be and is hereby ratified at the 36<sup>th</sup> 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 Mr. Radhey Shyam Gemini (DIN - 00108706) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 & 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and Regulation 17(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, Mr. Radhey Shyam Gemini (DIN - 00108706) who has been appointed as an additional director of the company and holds office up to this Annual General Meeting and for whom the company has received a notice in writing under section 160 of the Companies Act 2013 from a member proposing his candidature for the office of the director, be and is hereby appointed as an Independent Director of the Company."

By the order of the Board  
For KG Petrochem Limited

Harshit Attar  
Company Secretary

Date : 13.08.2016  
Place : Jaipur

**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 20/09/2016 to 26/09/2016 (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 36th Annual General Meeting and Annual Report for the year 2015-2016 is also available on the website of the Company [www.kgpetro.in](http://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 36th 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 23.09.2016 at 10.00 A.M. and ends on 25.09.2016 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 19.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for v o t i n g 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](http://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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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"> <li>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.</li> <li>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.</li> </ul>
Dividend Bank Details <b>OR</b> 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"> <li>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).</li> </ul>

- (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 on or after 30th June 2016. 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](http://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](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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](mailto:cssandeep@armsandassociates.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) on or before 25/09/2016 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 19/09/2016.
18. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members /beneficer owner positing list provided by depositories as at closing hours of business, on Friday, 12/8/2016
19. The shareholders shall have one vote per equity share held by them as on the cut-off date of 19/09/2016. 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 19/09/2016 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. 19/09/2016 are requested to send the written / email communication to the Company at [jproffice21@bhavik.biz](mailto: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](http://www.kgpetro.in) and on the website of CDSL. The results shall also be forwarded to the Stock Exchange viz BST Ltd., where the share 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 re-appointment vide item no. 2 and 4 is as follows:

Particulars	Mrs. Savitri Kandoi	Mr. Radhey Shyam Gemini
Din	06921389	00108706
Date of Birth	02.03.1951	15.02.1951
Date of Appointment	10.07.2014	09.11.2015
Qualifications	8 <sup>th</sup> Passed	B.A.
Experience in specific functional areas	Administration	Administrative & Marketing
Directorship held in Other public company	Nil	3
Chairman/Member of the Audit Committee and Stakeholders' Grievance Committee in other public company	Nil	Nil
Number of shares held in the company	420500	Nil





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

**Item No. 4: Appointment of Mr. Radhey Shyam Gemini (DIN 00108706) as a Director.**

To fill the vacancy caused due to resignation of Mr. Nitin Jaipuria, Independent Director from the Board with effect from 6.11.2015, Mr. Radhey Shyam Gemini was appointed as an additional director of the company w.e.f. 09/11/2015, who holds office upto the date of ensuing Annual General Meeting of the company.

Notice has been received from member proposing Mr. Radhey Shyam Gemini as candidate for the office of Director of the company with a deposit of Rs.1.00 lac. Mr. Radhey Shyam Gemini is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director. Brief resume of Mr. Radhey Shyam Gemini, nature of his expertise in specific functional area and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees is as follows:-

Particulars	Mr. Radhey Shyam Gemini
Din	00108706
Date of Birth	15.02.1951
Age	65 years
Date of Appointment	09.11.2015
Qualifications	B.A.
Experience in specific functional areas	Administrative & Marketing
Directorship held in Other public company	3
Chairman/Member of the Audit Committee and Stakeholders' Grievance Committee in other public company	Nil
Remuneration (sought to be paid)	No remuneration will be paid
Number of shares held in the company	Nil
Relationship with other directors, manager and KMP of the company	Not related with other directors, manager or KMP
Number of Board meeting attended during the year	One meeting attended during year i.e. 13.02.2016
Terms and Conditions of Appointment	Specify
Date of first appointment on the board	09/11/2015

Mr. Radhey Shyam Gemini being appointee is interested in the resolution and None of the other Directors and/or Key Managerial Personnel of the Company and their relatives is interested in the aforesaid resolution.  
The Board recommends the Ordinary Resolution set out at Item no. 4 of the Notice for the approval of the shareholders.

Date: 13/08/2016  
Place: Jaipur

By order of the Board of Director  
For KG Petrochem Limited

Harshit Attar  
Company Secretary  
Membership No.- 41051



## **BOARD'S REPORT**

To,  
The Members of  
K G Petrochem Limited

Your Directors have pleasure in presenting this 36<sup>th</sup> 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, 2016

### **FINANCIAL HIGHLIGHTS**

**(Rs. In Lacs)**

	<b>2015-2016</b>	<b>2014-2015</b>
Gross Income	21801.88	19080.52
Profit Before Interest and Depreciation	3052.82	2570.87
Interest Charges	707.09	858.37
Profit Before Depreciation	2343.73	1712.50
Depreciation	1360.95	1189.26
Net Profit Before Tax	982.78	523.34
Provision for Tax	55.90	314.53
Net Profit After Tax	926.88	208.71

### **REVIEW OF OPERATIONS**

During the Financial Year, the company was able to improve its performance in revenue from operation. The revenue from operation of the company for the year ended 31<sup>st</sup> March 2016 was Rs. 21432.63 lacs as against Rs. 18589.93 Lacs in F.Y 2014-15, an increase of 15.29% on a year to year basis.

Further Segment wise result of operation is as under:-

#### **Textile Division**

During the year, its revenue from operation was Rs. 21366.44 lacs including export sales of Rs 16574.67 lacs (fob) as against Rs. 18501.44 lacs including export of Rs. 14810.95 lacs in previous year, growth of 15.49 %. The division has performed well during the year under review.

#### **Agency Division**

During the year the agency division has sold HDPE/LLDPE Granules 16146.45 Mt. amounting to Rs. 16798.67 lacs in comparison of 21846 Mt. amounting of Rs. 25581 lacs and earned commission of Rs. 66.19 lacs as compared to last year Rs. 88.43 Lacs only due to plant of Gail was under maintenance about 2 months.

#### **Garment Division**

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

### **CHANGE IN NATURE OF BUSINESS, IF ANY**

There was no change in the business of the Company during the financial year **2015-16**.

### **DIVIDEND**

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

### **AMOUNTS TRANSFERRED TO RESERVES**

During the Financial year 2015-16, company has received capital subsidy under TUFF Scheme Rs. 446.44 lacs (Net of withdrawal), which added in capital reserve and Rs. 926.90 lacs transfer 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 2015-16.

#### **MATERIAL CHANGE 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 regular 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. Radhey Shyam Gemini, as an Additional Director of the company with effect from November 09, 2015, who shall hold office up to the Annual General Meeting, and is eligible for appointment as Director as provided under the Articles of Association of the Company. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Mr. Radhey Shyam Gemini for the office of Independent Director.

As per the provisions of the Companies Act, 2013, Mrs. Savitri Kandoi will retire by rotation at the ensuing AGM and being eligible offered herself for re-appointment. The Board recommends her re-appointment.

Mr. Nitin Jaipuria, who was appointed as the Independent Director of the company on July 13, 2009 has resigned from the Board on November 06, 2015. The Board of Directors records their appreciation for the services rendered by Mr. Nitin Jaipuria during his tenure.

Ms. Navita Khunteta, who was the Company Secretary of the company on July 10, 2014 has resigned from the Company on February 04, 2016. The Board of Directors records their appreciation for the services rendered by Ms. Navita Khunteta during his tenure.

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.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

During the year 2015-16, the Eight Board meetings were conveyed and held on 16/04/2015, 18/04/2015, 26/05/2015, 30/05/2015, 14/08/2015, 23/09/2015, 09/11/2015 & 13/02/2016. Other details pertaining to attendance at the meeting and sitting fee/ commission/ remuneration paid to them at the meeting are given in Corporate Governance Report attached with this Report. The provisions of Companies Act, 2013 and listing agreement 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**

The company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance 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 30.5.2016. **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.

#### **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.

#### **STAKEHOLDER RELATIONSHIP COMMITTEE**

The Stakeholder Relationship Committee **constituted under section 178 of companies Act, 2013** comprises of Mrs. Savitri Kandoi as Chairman and Mr. Gauri Shanker Kandoi and Mr. Manish Singhal as members. The details of term of reference of the Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

#### **AUDIT COMMITTEE**

The Audit Committee constituted under section 177 of companies Act, 2013 comprises of Mr. Kamlesh Sharma as Chairman and Mr. Rameshwar Pareek and Mr. Raj Kumar Agarwal as members. The details of term of reference of the Audit Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance 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](http://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 842 regular employees as at March 31, 2016.

#### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTATION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has setup an internal complaints committee to redress complaints regarding sexual harassment. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **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**

As per Section 135(5) of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and schedule VII of the Companies Act, 2013, Corporate Social Responsibility Committee comprises of Mr. Gauri Shanker Kandoi as the Chairman and Mr. Manish Singhal and Mr. Raj Kumar Agarwal as the members.

The committee has decided the activities to be undertaken by the company and the expenditures to be incurred on the same and recommended the same to the board thereafter the board approved the CSR policy. The other detail related to CSR is given in **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 M/s Sandeep Kumar Jain and Associates, 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, 2016 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 2015-16 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. 2015-16.



#### **DEPOSITS**

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

#### **DEMATERIALIZATION 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, 2016, 92.45% of the share capital stands dematerialized.

#### **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-Booking 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: 13.08.2016  
Place: JAIPUR**

**Manish Singhal  
Director  
DIN NO. : 00120232**

**Gauri Shanker Kandoi  
CMD  
DIN NO. : 00120330**





## ANNEXURE - I

### Annual Compliance with the Code of Conduct for the Financial Year 2015-2016

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, 2016 from all the Board Members and Senior Management Personnel.

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

Date: **13.08.2016**  
Place: **JAIPUR**

**Gauri Shanker Kandoi**  
CMD  
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 : 43.96 2. Shree Manish Singhal: 43.96 3. Shree Ramesh Chand Maheswari: 3.89 None of the other directors received any remuneration during the Financial Year 2015-16.
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.Shree GauriShanker Kandoi: 9.09% 2. Shree Manish Singhal:9.09% 3. Shree Ramesh Chand Maheswari:8.38% <u>Key Managerial Personnel :</u> 1. Shree Shiv Ratan Sharma.: 9.52% 2. Miss Navita Khunteta : 30.90%
3.	The percentage increase in the median remuneration of the employees in the Financial Year	13.75

4.	The number of the permanent employee on the roll of the company	842 Employees as on 31.03.2016.					
5.	The explanation on the relationship between average increase in the remuneration and company performance;	The Company's Profit after tax has increase more then 3 times					
6.	Comparison of the remuneration of the KMP against the performance of the company;	Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2015-16 (Rs. Lacs)				106.69	
		Revenue (Rs. Lacs)				21432.63	
		Remuneration of KMP's (as % of Income)				0.50.%	
		Profit before Tax (PBT) (Rs. Lacs)				982.78	
		Remuneration of KMP's (as % of PBT)				10.86%	
7.	Variation in the market capitalisation of the company, price earnings ratio as on 31.03.2016	Date	Market Price in Rs.(BS E)	EPS in Rs.	P/E Ratio	Market Capitalisation (In crore)	% Change
		31 March 2015	20.60	4.00	5.15	10.76	(36.12%)
		31 March 2016	55.60.	17.75	3.12	29.02	169.90%
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison 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;	Average salary increase of non- managerial employees is: 10%					
		Average salary increase of managerial employees is : 14%					
		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	Shree Gauri Shanker Kandoi (CMD)	Shree Manish Singhal (Director)	Shree Ramesh chand Maheswari (Director)	Shri Shiv Ratan Sharma (CFO)	Miss Navita Khunte ta (CS)*
		Remuneration of Key Managerial Personnel (KMP) in FY 2015-16 (Rs. Lacs)	48.00	48.00	4.25	5.34	1.10
		Revenue (Rs. Lacs)	21432.63				
		Remuneration of KMP's (as % of Income)	0.22	0.22	0.02.	0.02	0.01
		Profit before Tax (PBT) (Rs. Lacs)	982.78				
		Remuneration of KMP's (as % of PBT)	4.88	4.88	0.43	0.54	0.11
		*Resigned On 04.02.2016					

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 receive remuneration 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)	<b>Name of Employee</b>	<b>Annual Remuneration in Rs.</b>
		1. Mr. Gauri Shanker Kandoi Chairman cum Managing Director	48,00,000
		2. Mr. Manish Singhal Whole Time Director	48,00,000
		3. Mrs.Prity Singhal Senior Executive	24,00,000
		4. Mr. Prashant Girdhar General Manager Marketing	12,15,000
		5. Mr. Mithilesh Kumar Shukla General Manager Engg.	11,34,500
		6. Mr. Bhaskar Gaurav Manager Printing	10,68,501
		7. Mr. Harsh Khanna C.E.O. Admin.	7,15,000
		8. Mr. Vivek Singhal Agency Head	7,00,000
		9. Arvind Kumar Mishra D.G.M. Process	6,95,562
		10. Mr. L.K. Jha Manager Process	6,76,936



FORM NO. MGT 9

Annexure-III

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

### I. REGISTRATION AND OTHER DETAILS:

i. CIN	:	L 24117RJ1980PLC001999
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 and contact details	:	C-171, Road No. 9J, VK I Area, Jaipur-302013, Phone no. : 0141-2331231
vi. Whether listed company	:	Listed
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Niche Technologies Pvt. Ltd. D-511, Bagri Market, 5th Floor 71, B.R.B Basu Road, Kolkata -700001 Phone No.: 033-22357270/7271

### 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 and Description of main products services	NIC Code of the Product/ service	% to total turnover of the company
1.	Cotton Terry Towel	131	99.69

### III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl 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 (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Increased/(Decreased)	
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF	3636332	-	3636332	69.65	3897332	-	3897332	74.65	5.00	
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-	
c) Bodies Corporates	-	-	-	-	-	-	-	-	-	
d) Bank/FI	-	-	-	-	-	-	-	-	-	
e) Any other	-	-	-	-	-	-	-	-	-	
<b>SUB TOTAL:(A) (1)</b>	3636332	-	3636332	69.65	3897332	-	3897332	74.65	5.00	

<b>(2) Foreign</b>										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	
b) Other Individuals	-	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	
d) Banks/FI	-	-	-	-	-	-	-	-	-	
e) Any other...	-	-	-	-	-	-	-	-	-	
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-	
<b>Total Shareholding of Promoter</b>										
<b>(A)= (A)(1)+(A)(2)</b>	3636332	-	3636332	69.65	3897332	-	3897332	74.65	5.00	
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	
b) Banks/FI	-	-	-	-	-	-	-	-	-	
c) Central govt	-	-	-	-	-	-	-	-	-	
d) State Govt.	-	-	-	-	-	-	-	-	-	
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	-	
g) FIIS	-	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	-	
<b>SUB TOTAL (B)(1):</b>	-	-	-	-	-	-	-	-	-	
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian	349	262600	262949	5.036	213315	52600	265915	5.093	0.057	
ii) Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	59019	122250	181269	3.472	117825	108750	226575	4.340	0.868	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	553375	570300	1123675	21.522	574481	253900	828381	15.866	(5.656)	
c) Others (specify)	-	-	-	-	-	-	-	-	-	
i) Non Resident Indian	400	-	400	0.008	862	-	862	0.017	0.009	
ii) Clearing Members	16375	-	16375	0.314	1935	-	1935	0.037	(0.277)	
<b>SUB TOTAL (B)(2):</b>	629518	955150	1584668	30.352	908418	415250	1323668	25.353	(4.999)	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	629518	955150	1584668	30.352	908418	415250	1323668	25.353	(4.999)	0.000
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
	-	-	-	-	-	-	-	-	-	
<b>Grand Total (A+B+C)</b>	4265850	955150	5221000	100.00	4805750	415250	5221000	100	0	0



(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	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	-	330400	6.328	-	-
2	BHAVIK SINGHAL	218700	4.189	-	-	-	-	-4.189
3	GAURI SHANKER KANDOI	1089107	20.860	-	1428807	27.367	-	6.506
4	MANISH SINGHAL	1237625	23.705	-	1377625	26.386	-	2.681
5	MANISH SINGHAL HUF	340000	6.512	-	340000	6.512	-	-
6	SAVITRI KANDOI	420500	8.054	-	420500	8.054	-	-
	Total	3636332	69.65		3897332	74.65	0	5.00

(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	1237625	23.70	1237625	23.70
	Changes during the year	140000	2.68	1377625	26.38
	Reason 01.04.2015 Date Purchase				
	At the end of the year	1377625	26.38	1377625	26.38
2	Shri Gauri Shanker Kandoi				
	At the beginning of the year	1089107	20.85	1089107	20.85
	Changes during the year	121000	2.32	1210107	23.17
	Reason 02.04.2015 Date Purchase				
	12.02.2016 Gifted	218700	4.19	1428807	27.36
	At the end of the year			1428807	27.36
3	Shri Manish Singhal (HUF)				
	At the beginning of the year	340000	6.51	340000	6.51
	Changes during the year	No any change in shareholding during the year.			
	At the end of the year	340000	6.51	340000	6.51



		No. of Shares	% of total shares of the company	No of shares	% of total shares of the
4	Shri Baldev das Gauri Shanker Kandoi (HUF)				
	At the beginning of the year	330400	6.33	330400	6.33
	Changes during the year	No any change in shareholding during the year.			
	At the end of the year	330400	6.33	330400	6.33

		No. of Shares	% of total shares of the company	No of shares	% of total shares of the
5	Savitri Kandoi				
	At the beginning of the year	420500	8.05	420500	8.05
	Changes during the year	No any change in shareholding during the year.			
	At the end of the year	420500	8.05	420500	8.05

		No. of Shares	% of total shares of the company	No of shares	% of total shares of the
6	Bhavik Singhal				
	At the beginning of the year	218700	4.19	218700	4.19
	Changes during the year				
	Date 12.01.2016				
	Reason Gift	218700	4.19	0	0
	At the end of the year	0	0.00	0	0.00

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

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	SANJAY BANSAL				
	a) At the Begining of the Year	260800	4.995		
	b) Changes during the year				
	Date Reason				
	26/06/2015 Sale	-100	0.002	260700	4.993
	03/07/2015 Sale	-20	0.000	260680	4.993
	09/10/2015 Sale	-505	0.010	260175	4.983
	c) At the End of the Year			260175	4.983

2	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
3	ASHISH JAIN				
	a) At the Beginning of the Year	200000	3.831		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			200000	3.831
4	VIDIT JAIN				
	a) At the Beginning of the Year	257600	4.934		
	b) Changes during the year				
	Date Reason				
	03/04/2015 Sale	-80000	1.532	177600	3.402
	10/04/2015 Sale	-794	0.015	176806	3.386
	c) At the End of the Year			176806	3.386
5	SIDDHARTH KEDIA				
	a) At the Beginning of the Year	0	0.000		
	b) Changes during the year				
	Date Reason				
	11/03/2016 Purchases	102300	1.959	102300	1.959
	c) At the End of the Year			102300	1.959
6	DHARAM CHAND JAIN				
	a) At the Beginning of the Year	53900	1.032		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			53900	1.032
7	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
8	MANIK CHAND FOGLA				
	a) At the Beginning of the Year	50000	0.958		
	b) Changes during the year				
	Date Reason				
	31/07/2015 Sale	-14800	0.283	35200	0.674
	c) At the End of the Year			35200	0.674

9	KHUSHALBHAI AMRUTLAL PATEL				
	a) At the Beginning of the Year	0	0.000		
	b) Changes during the year				
	Date Reason				
	15/01/2016 Purchases	90	0.002	90	0.002
	22/01/2016 Purchases	800	0.015	890	0.017
	29/01/2016 Purchases	669	0.013	1559	0.030
	19/02/2016 Purchases	700	0.013	2259	0.043
	26/02/2016 Purchases	7150	0.137	9409	0.180
	11/03/2016 Purchases	6039	0.116	15448	0.296
	18/03/2016 Purchases	670	0.013	16118	0.309
	25/03/2016 Purchases	459	0.009	16577	0.318
	c) At the End of the Year			16577	0.318
10	ASHA GARG				
	a) At the Beginning of the Year	0	0.000		
	b) Changes during the year				
	Date Reason				
	25/12/2015 Purchases	14790	0.283	14790	0.283
	c) At the End of the Year			14790	0.283
	<b>TOTAL</b>	<b>1084900</b>	<b>20.779</b>	<b>1122348</b>	<b>21.495</b>

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
1	Shri Manish Singhal	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1237625	23.70	1237625	23.70
	Changes during the year				
	Date Reason				
	01.04.2015 Purchase	140000	2.68	1377625	26.38
	At the end of the year	1377625	26.38	1377625	26.38

2	Shri Gauri Shanker Kandoi	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1089107	20.85	1089107	20.85
	Changes during the year				
	Date Reason				
	02.04.2015 Purchase	121000	2.32	1210107	23.17
	12.02.2016 Gifted	218700	4.19	1428807	27.36
	At the end of the year			1428807	27.36
3	Savitri Kandoi	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	420500	8.05	420500	8.05
	Changes during the year	No any change in shareholding during the year.			
	At the end of the year	420500	8.05	420500	8.05
4	Ramesh Chand Maheswari	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	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
5	Shiv Ratan Sharma	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	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	Mrs. Navita Khunteta	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	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



## B. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
<b>Indebtness at the beginning of the financial year</b>					
i) Principal Amount	10839.37	-	-	10839.37	
ii) Interest due but not paid	-	-	-		
iii) Interest accrued but not due	-	-	-		
<b>Total (i+ii+iii)</b>	10839.37	-	-	10839.37	
<b>Change in Indebtedness during the financial year</b>					
Additions	1451.48	-	-	1451.48	
Reduction	1551.73	-	-	1551.73	
<b>Net Change</b>	100.25	-	-	100.25	
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	10739.12	-	-	10739.12	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
<b>Total (i+ii+iii)</b>	-	-	-	-	

C 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/WTM/Manager			Total Amount
1	<b>Gross salary</b>	G.S. Kandoi	Manish Singhal	R.C. Maheshwari	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	48	48	4.25	100.25
	(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
	<b>Total (A)</b>	48	48	4.25	100.25
	<b>Ceiling as per the Act</b>	Rs. 104.04 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	<b>RAMESHWAR PAREEK</b>	<b>KAMLESH SHARMA</b>	<b>RADHEY SHYAM GEMINI</b>	<b>RAJ KUMAR AGARWAL</b>	
	(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
	<b>Total (1)</b>	Nil	Nil	Nil	Nil	Nil
2	Other Non Executive Directors	<b>Savitri Kandoi</b>				
	(a) Fee for attending board committee meetings	Nil				
	(b) Commission	Nil				
	(c ) Others, please specify.	Nil				
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>	Nil	Nil	Nil	Nil	Nil
	<b>Total Managerial Remuneration</b>	Nil	Nil	Nil	Nil	Nil
	<b>Overall Ceiling as per the Act</b>	Rs. 10.40 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	<b>Gross Salary</b>	<b>CEO</b>	<b>Company Secretary</b>	<b>CFO</b>	<b>Total</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	48	1.1	5.34	54.44
	(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
	<b>Total</b>	48	1.1	5.34	54.44



D 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)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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.671.83 Lacs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 13.44 Lacs
5. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year:: Rs.13.44 lacs
  - (b) Total amount spent: Rs.2.74 lacs
  - (c) Amount unspent, if any: Rs.10.70 lacs

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) (1) (2)	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	Water supply including drinking water	Health	Village Ram Singhapura Tehsil:Kotputli Dist: Jaipur	13.44 lacs	269500	269500	Direct
2	Health Care Organizing	Health	Keshwana Tehsil: Kotputli Dist: Jaipur		5000	274500	Direct
	Total			13.44 lacs	274500		

#### Reason for Non spending the money

- a) The Company has initiated long term CSR activities for the welfare of community members at Keshwana (Kotputli), which would be continued during the financial year 2016-17. During the FY 2015-16, Trust has been created and the formalities of registration of trust with income tax department yet not completed, which will likely to be complete during F.Y 2016-17. Further company also plans to develop rain water harvesting system so that we could contribute for society specially increases ground water level in rural area. We also plan to work on Swachh Bharat Mission in the village nearby our plant area.
- b) The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the company.

**Gauri Shanker Kandoi**  
CEO & Chairperson of CSR Committee

### Annexure-V

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

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

<p><b>A. Conservation of Energy</b> (i.) The step taken or impact on conservation of energy</p>	<p>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"> <li>Switching of machine/equipment immediately after use and fixing of timer to avoid over usages of water pumps.</li> <li>Use of power capacitors to improve the power factor.</li> <li>Creating awareness among employees about the necessity of energy consumption.</li> <li>Providing transparent sheets on the roof where there is no false celling to switch off lights during the day time.</li> <li>Using agro waste to generate steam in the Boiler which improves the environment.</li> <li>Using Variable Frequency Driver (VFD) on compressor to reduce power consumption.</li> </ol>
(ii) the steps taken by the company for utilizing alternate source of the energy.	<b>NIL</b>
(iii) the capital investment in energy conservation equipment.	<b>NIL</b>
<b>(B.) Technology Absorption</b>	
(i) the efforts made towards technology absorption	Efforts are being made towards improvements in the
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	<p>The benefits derived are:-</p> <ol style="list-style-type: none"> <li>Improved quality and productivity.</li> <li>Conservation of fuel &amp; reduced emissions.</li> </ol>
<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"> <li>The details of the technology imported.</li> <li>The year of import.</li> <li>Whether the technology been fully absorbed.</li> <li>If not fully absorbed, areas whether absorption has not taken place and reasons thereof</li> </ol>	<b>NIL</b>
<b>(C ) Foreign exchange earning &amp; outgo</b>	<p>Foreign exchange earnings: Rs.16574.67 lacs</p> <p>Foreign exchange used :Rs366.18 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:

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 adequacy discharge its responsibilities and duties. We consistently review on a periodical basis all the systems policies and delegations so as to establish 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 31.03.2016 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, 2016 with their attendance at the Board Meetings held during the year 2015-16 and at the last Annual General Meeting is given below:

Name of the Directors	Categories of Directors	No. of other Directorship(s) held in 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(I ndependent)	7	2	3	Nil
Kamlesh Sharma 00037588	Non-Executive(I ndependent)	Nil	-	-	Nil
Radhey Shyam Gemini (w.e.f. 9.11.15) 00108706	Non-Executive(I ndependent)	3	-	-	Nil
Raj Kumar Agarwal 00127215	Non-Executive(I ndependent)	1	-	-	Nil
Nitin Jaipuria (ceased w.e.f. 06.11.2015) 02723324	Non-Executive(I ndependent)	Nil	-	-	Nil

**Notes :**

1. Directorships exclude Private Limited Companies and Foreign Companies.
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.Savitri Kandoi and Mr. Manish Singhal are related to each other.

**(b) Board Meeting:**

The Board of Directors of the Company met Eight times on 16.04.2015, 18.04.2015, 26.05.2015, 30.05.2015, 14.08.2015, 23.09.2015, 09.11.2015 & 13.02.2016 during the financial year ended 31<sup>st</sup> March, 2016. 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 30.09.2015
	Held	Attended	
Mr. G. S. Kandoi	8	8	Yes
Mr. Manish Singhal	8	8	Yes
Mr. Raj Kumar Agarwal	8	8	Yes
Mr, Rameshwar Pareek	8	8	Yes
Mr. Nitin Jaipuria (Till 6.11.2015)	8	6	Yes
Mr. Ramesh Chand Maheswari	8	8	Yes
Mr. Kamlesh Sharma	8	8	Yes
Mrs. Savitri Kandoi	8	8	Yes
Mr. Radhe Shyam Gemini (From 9.11.2015)	1	1	No

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 Mrs. Savitri Kandoi who has been longest in the office, is liable to retire by rotation as per Companies Act, 2013 at the 36th 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 28.01.2016 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 its 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](http://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 31.03.2016

**(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. Kamlesh Sharma, Chairman of the Audit Committee was present at the last Annual General Meeting.

Five meetings of the Audit Committee were held during the year viz. on May 30, 2015, August 14, 2015, September 22, 2015, November 9, 2015 and February 13, 2016 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. Kamlesh Sharma	Chairman	Non-Executive Independent Director	5 of 5
Mr. Rameshwar Pareek	Member	Non-Executive Independent Director	5 of 5
Mr. Raj Kumar Agarwal	Member	Non-Executive Independent Director	5 of 5

- (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 16, 2015, August 13, 2015, and November 09, 2015. 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 Independent Director	3 of 3
Mr. Rameshwar Pareek	Member	Non-Executive Independent Director	3 of 3
Mr. Raj Kumar Agarwal	Member	Non-Executive Independent Director	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 2015-16 (Rs. in lacs)		
		All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Stock option details, if any
Mr. Gauri Shanker Kandoi	CMD/CEO	48.00	0	Nil
Mr. Manish Singhal	Whole Time Director	48.00	0	Nil
Mr. Ramesh Chand Maheshwari	Whole Time Director	4.25	0	Nil

## VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

- The Stakeholder Relationship Committee looks into shareholders' and investors' grievances. Mrs. Savitri Kandoi, Non-Executive Director is the Chairperson of the Committee.
- Two meetings of the Stakeholders Relationship Committee were held during the year viz. on November 13, 2015 and January 09, 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	1 of 2
2	Mr. Gauri Shanker Kandoi	Executive Promoter Director	2 of 2
3	Mr. Manish Singhal	Executive Promoter Director	2 of 2
4	Mr. Ramesh Chand Maheshwari **	Executive Director	1 of 2

\* From 09.01.2016.

\*\* Till 09.01.2016

- iii. Number of investors' complaints received by the RTA/ Company during the year: 1  
Number of complaints not solved to the satisfaction of shareholders during the year: Nil  
Number of complaints pending as at 31st March, 2016: 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. One meeting of the CSR Committee was held during the year viz. on March 22, 2016.. 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.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

#### **VIII. FINANCE COMMITTEE:**

- i. The Finance Committee looks into financial matters like opening and closing bank account, taking loan from 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 21, 2015. 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
2015-35 <sup>th</sup>	C-171, Road No. 9J, V.K.I. Area, Jaipur - 302013	30.09.2015	03.00 P.M.	Three
2014-34 <sup>th</sup>	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
2013-33 <sup>rd</sup>	C-171, Road No. 9J, V.K.I. Area, Jaipur - 302013	29.07.2013	10.00A. M	Four

**POSTAL BALLOT : One resolution has been** passed through Postal Ballot during the FY 2015-16.

#### 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 Khabron ki Duniya, etc. as required and also posted on our website: [www.kgpetro.in](http://www.kgpetro.in).

#### XI GENERAL SHAREHOLDERS' INFORMATION

##### (i) Annual General Meeting to be held:

Day : Monday  
Date : 26<sup>th</sup> day of September, 2016  
Time : 10.30 A.M.  
Venue : C-171, Road No. 9J, V.K.I. Area, Jaipur- 302013

##### (ii) Financial Year : 1st April, 2015 to 31st March, 2016

##### (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 2015-2016:**

Table showing monthly high and low (Price) month stock price v/s BSE price for the Financial Year 2015-2016 are as under:

Month	Monthly High (Rs.)	Monthly Low (Rs.)	Volume No.	BSE SENSEX Monthly High	BSE SENSEX Monthly Low
April, 2015	34.85	21.60	2,84,056	29094.61	26897.54
May, 2015	26.55	18.75	1,190	28071.16	26423.99
June, 2015	30.00	22.65	7,358	27968.75	26307.07
July, 2015	30.15	22.65	10,159	28578.33	27416.39
August, 2015	43.15	22.80	29,966	28417.59	25298.42
September, 2015	41.75	31.80	7760	26471.82	24833.54
October, 2015	43.70	32.10	12719	27618.14	26168.71
November, 2015	50.20	34.50	26484	26824.30	25451.42
December, 2015	65.10	52.60	27270	26256.42	24867.73
January, 2016	82.00	55.75	46722	26197.27	23839.76
February, 2016	70.80	50.75	20674	25002.32	22494.61
March, 2016	64.90	55.60	9249	25479.62	23133.18

(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, 2016:**

No. of equity shares held	Shareholders		% of Shareholding	
	Number	% to total	Total shares	% to total
Up to 500	238	64.32	53,016	1.02
501 to 1000	94	25.41	82,495	1.58
1001 to 5000	19	5.14	32,509	0.62
5001 to 10000	3	0.81	21,000	0.40
10001 to 50000	4	1.08	78,867	1.51
50001 to 100000	2	0.54	1,06,500	2.04
100001 and above	10	2.70	48,46,613	92.83
Total	<b>370</b>	100.00	<b>52,21,000</b>	<b>100.00</b>

(ix) Categories of Shareholding as on March 31, 2016:

Category	No. of Shares held	% of Share holding
Indian Promoters, Directors & their relatives	3897332	74.65
Foreign Promoters	Nil	Nil
UTI/Financial Institutions & Banks	Nil	Nil
Body Corporate	265915	05.09
NRI/ OCB/ Clearing House/ Public Trust	2797	00.05
Foreign Institutional Investors	Nil	Nil
Indian Public	1054956	20.21
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, 2016, a total of 48,05,750 equity shares which form 92.05% 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, Kolkata-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-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, 2016, 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: 31.07.2016

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

## ANNEXURE-VIII

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### ECONOMIC OVERVIEW

During FY 2015-16, 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 remarkable growth in revenue from operations by 15.49 %. The division also accelerates its growth in the export (FOB) turnover increased from Rs. 16574.67 lacs to Rs. 14810.95 lacs, i.e. growth of 11.91%.

##### B. AGENCY DIVISION:

The division has sold HDPE/LLDPE Granules 16146.45 Mt. amounting to Rs. 16799 lacs in comparison of 21846 Mt. amounting to Rs. 25581 lacs and earned commission of Rs. 66.19 lacs as compared to last year Rs. 88.43 lacs, thus decline by 25.15%, which was due to plant of Gail was under maintenance about 2 months. The company is hopeful with regard to increase in turnover of agency division as the use of polymer product has become a necessity in day to day life.

##### 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. Further, Rajasthan Government has declared customized package for textile industries with interest subsidy of 6% over & above the TUFS to promote the textile industry in the State.

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 fluctuation of foreign exchange, interest rates and increase of raw material prices, compliance risk and people risk. 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. 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.





Form No. MR-3

## Annexure-IX

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016**

[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, 2016 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, 2016 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 except the following:

- a) the company has inserted Clause 4 in its object Clause.

For ARMS and Associates LLP  
Company Secretaries

Date : 12th August, 2016  
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, 2016  
Place: JAIPUR

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



## **INDEPENDENT AUDITORS' REPORT**

**To The Members of KG Petrochem Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of KG PETROCHEM LIMITED, which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

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 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 thereunder.

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 the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is 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 standalone 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 31st March, 2016, and its profit and cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. 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 dealt with by this report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (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 A".
- (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. The 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.

**For R Sogani & Associates**  
**Chartered Accountants**  
**FRN: (018755C)**

**(BHARAT SONKHIYA)**  
**PARTNER**

**Membership No: 403023**

**Place : Jaipur**  
**Date : 27.05.2016**



## **ANNEXURE 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 as of March 31, 2016 in conjunction with our audit of the standalone 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

#### **Emphasis of Matter**

We draw attention to the following matter

Broadly, the Company is having most of the system in place as required for the compliance of Internal Financial Control on Financial Reporting. However, those systems/controls are having scope of further improvement. Also, Company has not documented adequate internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on our audit procedures, we are of the opinion that Company has rectified the observations of our audit on internal financial controls over financial reporting to ensure that they do not significantly affect financial reporting on Interim Financial Control as on Balance Sheet date and thus our opinion is not modified in respect of matter being emphasized. Further, Company is also in the process of documenting Internal Financial Control as per guidelines issued by Institute of Chartered Accountants of India.

**For R Sogani & Associates  
Chartered Accountants  
FRN: (018755C)**

**(BHARAT SONKHIYA)  
PARTNER  
Membership No: 403023**

**Place : Jaipur  
Date : 27.05.2016**



**ANNEXURE REFERRED TO IN THE AUDITOR'S REPORT ON THE ACCOUNTS OF  
KG PETROCHEM LIMITED FOR THE YEAR ENDING 31ST MARCH, 2016**

As required by the Companies (Auditor's report) Order, 2016 issued by the Central Government of India in terms of section 143(1) 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 are under the process of reconciliation. Also, we are of the view that this document needs to be improved.
  - B. According to information and explanation given to us, title deeds of immovable properties are held in the name of the Company.
  - C. 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.
2. In respect of its inventories:
  - A. According to information and explanation given to us, the inventory has been physically verified by the management at regular intervals during the year. However, no formal document has been provided in this regard.
  - B. 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 2 of clause (76) of Companies Act, 2013.
4. According to the information and explanations given to us, the Company has not granted any loans (including any loan represented by a book debt), to any of its directors or to any other person in which the director is interested. The Company has not given any guarantee or provided security in connection with any loan taken by Director or such other person. Also, the Company has not made any investment during the financial year.
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 applicable to it.
  - B. According to the information and explanations given to us, there are no dues 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:
    - A. Duty and Excise Duty which have not been deposited on account of any dispute except the following:

<b>Nature of Dispute</b>	<b>Nature of the dues</b>	<b>Amount (in Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
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:  
According to information and explanation given to us Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or taken any term loan during the year.
10. According to the information and explanations given to us we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
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.
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:  
According to information and explanation given to us, 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 and if so, whether the registration has been obtained.

**For R Sogani & Associates**  
**Chartered Accountants**  
**FRN: (018755C)**

**(BHARAT SONKHIYA)**  
**PARTNER**  
**Membership No: 403023**

**Place : Jaipur**  
**Date : 27.05.2016**

**KG PETROCHEM LIMITED, JAIPUR**  
**CIN: L24117RJ1980PLC001999**  
**BALANCE SHEET AS AT 31st MARCH, 2016**



(Amount in Rs. 000)			
Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Shareholders' Funds</u></b>			
a) Share Capital	2.1	58,152.50	58,152.50
b) Reserves & Surplus	2.2	408,899.41	271,566.98
		<b>467,051.91</b>	<b>329,719.48</b>
<b><u>Non-Current Liabilities</u></b>			
a) Long Term Borrowings	2.3	618,964.97	755,990.41
b) Deferred Tax Liability (Net)	2.4	49,862.22	73,006.62
		<b>668,827.19</b>	<b>828,997.03</b>
<b><u>Current Liabilities</u></b>			
a) Short Term Borrowings	2.5	351,434.87	265,291.20
b) Trade Payable	2.6	90,003.49	54,005.36
c) Other Current Liabilities	2.7	204,283.60	199,829.57
d) Short Term Provisions	2.8	15,049.54	-
		<b>660,771.50</b>	<b>519,126.13</b>
		<b>1,796,650.60</b>	<b>1,677,842.64</b>
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets</u></b>			
a) Fixed Assets			
(i) Tangible Assets	2.9	917,412.69	994,133.26
(ii) Capital Work-in-Progress	2.10	-	15,738.33
b) Long Term Loans and Advances	2.11	12,102.51	11,900.68
		<b>929,515.20</b>	<b>1,021,772.27</b>
<b><u>Current Assets</u></b>			
a) Inventories	2.12	231,891.36	284,719.85
b) Trade Receivables	2.13	510,970.49	208,377.61
c) Cash and Bank Balances	2.14	1,161.77	3,786.90
d) Short Term Loans and Advances	2.15	7,108.74	9,859.73
e) Other Current Assets	2.16	116,003.04	149,326.28
		<b>867,135.40</b>	<b>656,070.37</b>
		<b>1,796,650.60</b>	<b>1,677,842.64</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 3		

In terms of our Audit Report of even date :

For & on behalf of the Board  
**FOR KG PETROCHEM LTD.**

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants  
FRN: 018755C

**(BHARAT SONKHIYA)**

Partner  
M. No. 403023

**(G. S. KANDOI)**

Chairman Cum Managing Director  
DIN: 00120330

**(MANISH SINGHAL)**

Director  
DIN: 00120232

Place : JAIPUR  
Date : 27.05.2016

**(HARSHIT ATTAR)**  
Company Secretary  
M.No. 41051



**KG PETROCHEM LIMITED, JAIPUR**  
CIN: L24117RJ1980PLC001999



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2016**

(Amount in ₹ 000)

PARTICULARS	NOTE No.	Current Year 31st March, 2016	Previous Year 31st March 2015
<b>Revenue from operations</b>	<b>2.17</b>		
Sale of Product & Services		2,001,588.57	1,700,124.01
Other Operating Revenue		141,674.62	158,869.08
		<u>2,143,263.19</u>	<u>1,858,993.09</u>
Revenue From Operations (Net)		2,143,263.19	1,858,993.09
<b>Other Income</b>	<b>2.18</b>	36,924.64	49,059.36
<b>Total Revenue</b>		<u>2,180,187.83</u>	<u>1,908,053.45</u>
<b>Expenses :</b>			
Purchase of Towels		6,574.07	-
Cost of Materials consumed	<b>2.19</b>	1,096,290.47	<b>1,004,491.33</b>
Change in inventory of Finished Goods and Work in Progress	<b>2.20</b>	71,664.66	(76,560.30)
Manufacturing Expenses	<b>2.21</b>	329,152.96	<b>347,050.96</b>
Employees Benefits Expenses	<b>2.22</b>	237,641.40	<b>232,730.84</b>
Finance Costs	<b>2.23</b>	77,722.22	<b>92,095.02</b>
Depreciation	<b>2.09</b>	136,094.74	<b>118,925.71</b>
Other Expenses	<b>2.24</b>	131,036.68	<b>138,914.73</b>
		2,086,177.20	<b>1,857,648.29</b>
Profit Before Exceptional & Extraordinary items and tax		94,010.63	50,404.16
Withdrawal from Capital Reserve (refer note no.2.2 : Reserve & Surplus)		4,267.49	1,919.99
<b>Profit before Tax</b>		<u>98,278.12</u>	<u>52,324.15</u>
<b>Tax Expenses :</b>			
Current Tax		28,682.80	-
Deferred Tax		(23,144.40)	30,790.71
Earlier Year Tax		51.57	662.24
		5,589.97	31,452.95
<b>Profit For The Year after Tax</b>		<b>92,688.15</b>	<b>20,871.20</b>
<b>Earning per Equity Shares:</b>	<b>2.25</b>		
1. Basic		17.75	4.00
2. Diluted		17.75	4.00
Significant Accounting Policies and Notes on Financial Statements	1 to 3		

In terms of our Audit Report of even date :

For & on behalf of the Board  
**FOR KG PETROCHEM LTD.**

**FOR R SOGANI & ASSOCIATES**  
Chartered Accountants  
FRN: 018755C

**(BHARAT SONKHIYA)**  
Partner  
M. No. 403023

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

**(MANISH SINGHAL)**  
Director  
DIN: 00120332

**Place : JAIPUR**  
**Date : 27.05.2016**

**(HARSHIT ATTAR)**  
Company Secretary  
M.No. 41051



# KG PETROCHEM LIMITED

CIN: L24117RJ1980PLC001999



(Amount in Rs.000)

CASH FLOW STATEMENT FOR THE YEAR 2015-16				
PARTICULARS	CURRENT YEAR		CURRENT YEAR	
	2015-16		2014-15	
	DETAILS	AMOUNT	DETAILS	AMOUNT
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax as Per Profit & Loss A/c	98,278.12		52,324.15	
<u>Adjusted for :-</u>				
Interest paid	77,722.22		92,095.02	
Interest received	(4,039.95)		(7,614.93)	
Rent Income	(5,196.42)		(4,951.83)	
Loss/(Profit) on Sale/written off of Fixed Assets	-		35.20	
Withdrawal from capital reserve	(4,267.49)		(1,919.99)	
Depreciation	136,094.74		118,925.71	
<b>Operating Profit before Working Capital Changes</b>	<b>298,591.22</b>		<b>248,893.32</b>	
<u>Adjusted for:-</u>				
Increase /( Decrease) in Trade Payables	35,998.13		(31,189.50)	
Increase/(Decrease) in Other Current Liabilities	49,741.45		(50,727.65)	
Increase / (Decrease) in Short term Provisions	(1,533.26)			
(Increase) / Decrease in Inventory	52,828.49		(94,432.66)	
(Increase) / Decrease in Trade Receivables	(302,592.88)		48,305.00	
(Increase) / Decrease in Loans and Advances	2,750.99		7,205.31	
(Increase) / Decrease in Other current assets	33,271.68		(40,068.36)	
<b>Cash Generated From Operations</b>	<b>169,055.83</b>		<b>87,985.47</b>	
<b>Net Cash used in Operating Activities Before Extraordinary Items</b>	<b>169,055.83</b>		<b>87,985.47</b>	
Less:- Extraordinary Items	-		-	
<b>Cash Generated From Operations</b>	<b>169,055.83</b>		<b>87,985.47</b>	
Less:- Taxes Paid	(12,100.00)		(12,000.00)	
<b>Net Cash Flow/(used)From Operating Activities</b>		<b>156,955.83</b>		<b>75,985.47</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase) / Decrease in Long term Loans and Advances	(201.83)			
Purchase of Fixed Assets	(59,374.19)		(483,301.33)	
(Increase)/decrease to CWIP	15,738.33		54,667.08	
Proceeds From Sales/written off of Fixed Assets	-		20.00	
Rent Income	5,196.42		4,951.83	
<b>Net Cash Flow/(used) in Investing Activities</b>		<b>(38,641.27)</b>		<b>(423,662.42)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Procurement of Borrowings	-		468,195.94	
Repayment of Borrowings	(96,169.19)		(53,166.98)	
Interest received	4,039.95		7,614.93	
Capital Subsidy under TUF	48,911.77		2,646.40	
Interest paid	(77,722.22)		(92,095.02)	
<b>Net Cash Flow/(used) From Financing Activities</b>		<b>(120,939.69)</b>		<b>333,195.27</b>
Net Increase/(Decrease) in Cash and Cash Equivalent		(2,625.13)		(14,481.68)
Opening balance of Cash and Cash Equivalent		3,786.90		18,268.58
<b>Closing balance of Cash and Cash Equivalent</b>		<b>1,161.77</b>		<b>3,786.90</b>

NOTE : Cash and Cash Equivalent consists of following:-

Cash on hand	661.05
Balances with Banks	500.72
Closing balance of Cash and Cash Equivalent	<b>1,161.77</b>

Rs.

661.05
500.72
<b>1,161.77</b>

Rs.

509.62
3,277.28
<b>3,786.90</b>

Chartered Accountants

As Per Our Separate Audit Report Of Even Date

FOR R. SOGANI ASSOCIATED

FRN: 018755C

(BHARAT SONKHIYA)

Partner

M. No. 403023

(G. S. KANDOI)

Chairman Cum Managing Director

DIN:00120330

(MANISH SINGHAL)

Director

DIN: 00120232

(HARISHIT ATTAR)

Company Secretary

M.No. 41051

Place : JAIPUR

Dated: 27.05.2016



**KG PETROCHEM LIMITED**  
**CIN: L24117RJ1980PLC001999**

**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 inter-national 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 (AS-2)**

(i) Raw materials, components, stores and spares are valued at lower of cost and net realisable value. 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) Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a portion of manufacturing overheads 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.

**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 Depreciation (AS-6)**

Depreciation on fixed assets is provided for on straight line method in accordance with the provisions of Schedule II of the Companies Act, 2013. Depreciation on additions/disposals during the year is provided on pro-rata basis.

Individual asset costing less than Rs 5000/- has been fully depreciated in the year of purchase.

**1.5 Revenue Recognition (AS-9)**

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.

Duty Drawback Scheme are accounted for in the year of export at FOB value. Import Licence under DEPB Scheme and Focus Product Scheme are accounted for at net realisable value on accrual basis.

**1.6 Fixed Assets (AS-10)**

Value of Gross Block of fixed assets represent cost of acquisition, including non-refundable taxes & duties, expenditure on installations, attributable borrowing cost and other identifiable direct expenses incurred upto the date of commencement of commercial use of the assets.

**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.

#### **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 trusts.

(b) Defined Benefit Plan and Other Long Term Benefits: Retirement benefits in the form of gratuity, provident fund, post retirement medical benefit schemes and other long term benefits in the form of leave encashment, silver jubilee and long service award are determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Actuarial gains/losses are recognised immediately in the Statement of Profit & Loss.

#### **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 assets is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

#### **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 dilutive 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)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Authorised :</b> 70,00,000 (70,00,000) Equity Shares of Rs.10/- each	70,000.00	70,000.00
<b>Issued &amp; Subscribed</b> 63,35,200 (63,35,200) Equity shares of Rs.10 each/-	63,352.00	63,352.00
<b>Paid Up</b> 52,21,000 (52,21,000) Equity Shares of Rs.10/-each fully paid	52,210.00	52,210.00
<b>Forefeited Equity Shares</b> 11,14,200 (11,14,200) Equity Shares (* figures in bracket are of Previous Year)	5,942.50	5,942.50
<b>Total</b>	<b>58,152.50</b>	<b>58,152.50</b>

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.

**Reconciliation of the number of shares outstanding :-**

Particulars	As at 31st March, 2016 No of shares	As at 31st March, 2015 No of shares
At the beginning of the year	6,335,200.00	6,335,200.00
Add: Issued during the year	-	-
Less: Bought Back during the year	-	-
<b>At the end of the year</b>	<b>6,335,200.00</b>	<b>6,335,200.00</b>

**a) Shares held by each shareholder holding more than 5 percent of number of shares**

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No.of Shares held	Percentage of holding	No.of Shares held	Percentage of holding
Mr. Manish Singhal	1,337,625	26.39%	1,237,625	23.70%
Mr. Gauri Shanker Kandoi	1,428,807	27.37%	1,089,107	20.86%
Mrs. Savitri Kandoi	420,500	8.05%	420,500	8.05%
M/s. Manish Singhal-HUF	340,000	6.51%	340,000	6.51%
M/s. Baldevdas Gauri Shanker Kandoi- HUF	330,400	6.33%	330,400	6.33%

**NOTE NO. 2.2: RESERVES & SURPLUS**

(Amount in Rs. '000)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>a) Capital Reserve -Capital Subsidy (Under TUF Scheme)</b>		
At the beginning of the year	10,552.08	9,825.62
Add; Additions during the year	48,911.77	2,646.40
Less: withdrawals/transfer	4,267.49	1,919.94
Balance at the year end	<b>55,196.36</b>	<b>10,552.08</b>
<b>b) General Reserve</b>		
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	<b>3,646.60</b>	<b>3,646.60</b>
<b>c) Surplus</b>		
At the beginning of the year	257,368.30	236,497.15
Less : Fixed Assets Written off in accordance with Schedule II of Companies Act 2013	-	-
	257,368.30	236,497.15
Add; Additions during the year	92,688.15	20,871.15
Less: withdrawals/transfer	-	-
Balance at the year end	<b>350,056.45</b>	<b>257,368.30</b>
<b>Total</b>	<b>408,899.41</b>	<b>271,566.98</b>



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. 19,19,992.00 (Previous year Rs.19,82,808.00 ) has been withdrawn from Capital Subsidy.

#### NOTE NO. 2.3 : LONG TERM BORROWINGS

(Amount in Rs. '000)

		As at 31st March, 2016		As at 31st March, 2015
<b>Term Loan</b>				
<b>Secured</b>				
<b>From Bank</b>				
<b>1. State Bank of Bikaner &amp; Jaipur</b>				
<b>Term Loan III</b>	111,656.63		146,056.62	
(Repayment in 16 Quarterly installments)				
<b>Term Loan IV</b>	16,653.61		20,853.61	
(Repayment in 16 Quarterly installments)				
<b>Term Loan V</b>	31,866.73		37,178.71	
(Repayment in 24 Quarterly installments)				
<b>Term Loan VI</b>	345,000.00		345,000.00	
(Repayment in 24 Quarterly installments)				
<b>Corporate Loan</b>	-		41,600.00	
<b>Vehicle Loan</b>	-		457.22	
<b>2. State Bank of India</b>				
<b>Term Loan</b>	217,300.00		227,500.00	
(Repayment in 30 Quarterly installments )				
<b>Total</b>	<b>722,476.97</b>		<b>818,646.16</b>	
Less : Current maturities of long term borrowings	<b>103,512.00</b>	618,964.97	62,655.75	755,990.41
<b>Total</b>		<b>618,964.97</b>		<b>755,990.41</b>

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 on due date, hence there exists 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, 2016		As at 31st March, 2015
Major components of deferred tax balances			
<b>Deferred Tax Liabilities</b>			
Difference between accounting and tax depreciation	49,862.22		73,006.62
<b>Deferred Tax Assets</b>			
Unabsorbed Depreciation	-		-
<b>Net Deferred Tax Liabilities</b>	<b>49,862.22</b>		<b>73,006.62</b>

Net current deferred tax liability of Rs 2,31,44,467.00 has been credited (Previous year Rs. 307,90,712.00 has been debited) to Statement of Profit & Loss besides current tax of Rs. 2,86,82,800.00 (Previous year Rs. 1,16,50,000.00) as per Income Tax Act, 1961.

**NOTE NO. 2.9 : FIXED ASSETS**

S.No.		Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
Opening balance As on 01.04.2015			Purchases / Additions during the year	Sales / Adjustments during the year	Total Cost As At 31.03.2016	Up to 31.03.2015	for the period	Written back	Reversed	Up to 31.03.2016	As At 31.03.2016	As At 31.03.2015
1	TANGIBLE ASSETS : Land- Leasehold		23,914.28		58,775.14	-	-	-	-	-	58,775.14	34,860.86
2	Factory Building		5,936.88	-	185,450.09	24,514.24	5,825.52	-	-	30,339.76	155,110.33	154,998.97
3	Staff & Labour Quarters		300.24		5,380.24	247.39	82.37	-	-	329.76	5,050.48	4,832.61
4	Plant & Machinery		13,346.62	-	1,232,734.13	472,131.29	120,052.86	-	-	592,184.15	640,549.98	747,256.23
5	Weighing Scale		-	-	87.81	67.42	0.46	-	-	67.88	19.93	20.39
6	Misc. Fixed Assets		1,954.41	-	21,171.14	5,772.04	3,424.77	-	-	9,196.81	11,974.33	13,444.69
7	Lab Equipment		149.66	-	1,986.89	939.81	166.13	-	-	1,105.94	880.95	897.43
8	Elect. & Water Fitting		(173.94)	-	37,357.53	12,538.81	3,251.54	-	-	15,790.35	21,567.18	24,992.66
9	DG Set		-	-	2,679.11	795.33	287.48	-	-	1,082.81	1,596.30	1,883.79
10	Weighbridge		-	-	1,236.02	347.75	99.53	-	-	447.28	788.74	888.26
11	Furniture & Fixtures		757.36	-	9,283.05	4,200.93	865.05	-	-	5,065.98	4,217.07	4,324.77
12	Vehicles		8,004.36	-	13,800.71	3,152.87	950.94	-	-	4,103.81	9,696.90	2,643.48
13	Office Equipment		427.60	-	2,691.48	966.58	479.22	-	-	1,445.80	1,245.68	1,297.30
14	Computer		269.71	-	4,019.48	2,782.19	436.92	-	-	3,219.11	800.37	967.59
14	IT Equipments		-	-	1,294.78	1,230.04	-	-	-	1,230.04	64.74	64.74
15	Office Building		-	-	820.70	124.01	13.14	-	-	137.15	683.55	696.69
16	Canteen Appliances		-	-	138.97	87.60	42.00	-	-	129.60	9.37	51.37
17	ERP		4,487.02	-	4,487.02	-	116.81	-	-	116.81	4,370.21	-
18	A.C. Equipments		-	-	121.10	109.66	-	-	-	109.66	11.44	11.46
TOTAL			59,374.19	-	1,583,515.39	530,007.96	136,094.74	-	-	666,102.70	917,412.69	994,133.26
PREVIOUS YEAR			483,301.34	6,167.76	1,524,141.22	417,195.02	113,054.70	241,759.00	-	288,490.71	1,235,650.50	629,812.63

Note No. 2.10 : CAPITAL WORK IN PROGRESS

DESCRIPTION OF ASSETS	Gross Block		
	As at 01.04.2015	Additions	Capitalized during the year
Capital Work in Progress	15,738,328	7,018,094	22,756,422
<b>Total</b>	<b>15,738,328</b>	<b>7,018,094</b>	<b>22,756,422</b>
Previous Year	-	-	-




**NOTE NO. 2.5 : SHORT TERM BORROWINGS**
**(Amount in Rs 000)**

	As at 31st March, 2016	As at 31st March, 2015
<b>Loan payable on demand from Banks :</b>		
<b>Secured</b>		
<b>State Bank of India</b>		
a. Cash Credit Account	5,862.47	23,045.04
b. Bill Purchase Limit Under L/c	-	5,060.83
<b>State Bank of Bikaner &amp; Jaipur (SBBJ)</b>		
a. Cash Credit Account	52,954.24	41,501.68
b. Bill Purchase Limit under L/c	-	5,510.49
c. FCNR (B) Loan	-	31,250.00
d. Packing Credit Limit	292,618.16	158,923.16
<b>Total</b>	<b>351,434.87</b>	<b>265,291.20</b>

Loans payable on demand from State Bank of Bikaner & Jaipur (SBBJ) is secured by parri passu charge by way of hypothecation of stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts except receivables of agency division and all current assets of the company. The loans are further personally guaranteed by 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, 2016	As at 31st March, 2015
<b>For Goods</b>		
-Micro, Small & Medium Enterprises*	-	-
-Others	90,003.49	54,005.36
<b>Total</b>	<b>90,003.49</b>	<b>54,005.36</b>

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

**NOTE NO. 2.7 :- OTHER CURRENT LIABILITIES**
**(Amount in Rs 000)**

	As at 31st March, 2016	As at 31st March, 2015
a) Current maturities of long term borrowings (refer Note No. 2.3)	103,512.00	62,655.74
b) Statutory Liabilities	5,560.82	9,702.94
c) Liabilities for expenses	80,612.18	64,624.24
d) Advance from Customers	7,509.44	25,163.46
e) Security Deposit	1,203.25	1,424.20
f) Current Account	5,885.91	36,258.99
<b>Total</b>	<b>204,283.60</b>	<b>199,829.57</b>

**NOTE NO. 2.8 : SHORT TERM PROVISIONS**
**(Amount in Rs 000)**

	As at 31st March, 2016	As at 31st March, 2015
Provision for Income Tax	28,682.80	11,650.00
Less: Advance Tax (As per contra)	(13,633.26)	(11,650.00)
	15,049.54	-
<b>Total</b>	<b>15,049.54</b>	<b>-</b>



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 Profit and Loss	Provision utilized during the year	Provision outstanding at the end of the year
Provision for Taxation	11,650.00	28,682.80	-	11,650.00	28,682.80

**NOTE NO 2.11 : LONG TERM LOAN & ADVANCES**

(Amount inRs 000)

	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured and considered good</b>		
a) Security Deposits	12,102.51	11,900.68
<b>Total</b>	<b>12,102.51</b>	<b>11,900.68</b>

**NOTE NO. 2.12 INVENTORIES**

(Amount inRs 000)

	As at 31st March, 2016	As at 31st March, 2015
Raw Material	25,917.63	27,894.41
Work In process	104,046.68	129,461.31
<b>Finished Goods</b>		
Towel	14,744.56	61,010.24
Waste	125.10	109.60
Stores,spares and Consumables	61,541.58	38,219.13
Dyes & Chemicals	22,546.13	24,433.16
Packing Material	2,969.68	3,592.02
<b>Total</b>	<b>231,891.36</b>	<b>284,719.85</b>

( Refer Note no 1.2 for valuation policy of inventories)

**NOTE NO. 2.13 : TRADE RECEIVABLES**

(Amount inRs 000)

	As at 31st March, 2016	As at 31st March, 2015
<b>UNSECURED &amp; CONSIDERED GOOD</b>		
Exceeding six months	5,273.14	573.14
Others	505,697.35	207,804.46
<b>Total</b>	<b>510,970.49</b>	<b>208,377.61</b>

**NOTE NO. 2.14 : CASH & BANK BALANCES**

(Amount inRs 000)

	As at 31st March, 2016	As at 31st March, 2015
Bank Balance		
- In Current Account and Deposit Account	500.72	3,277.28
-Cash on Hand	661.05	509.62
	<b>1,161.77</b>	<b>3,786.90</b>

**NOTE NO. 2.15 : SHORT TERM LOANS & ADVANCES**

(Amount inRs 000)

	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured &amp; considered good</b>		
a) Advances recoverable in cash or in kind or for value to be received	6,923.94	9,660.12
b) Advances to Employees & Workers	184.80	199.61
<b>Total</b>	<b>7,108.74</b>	<b>9,859.73</b>




**NOTE NO. 2.16: OTHER CURRENT ASSETS**
**(Amount in Rs 000)**

		As at 31st March, 2016		As at 31st March, 2015
<b>Unsecured &amp; considered good</b>				
Prepaid Expenses	1,395.60		716.98	
Less : Transfer to long term loan & advances	-	1,395.60	-	716.98
Income Tax Refundable		7,858.52		4,483.94
Advance Income Tax and TDS	13,633.26		14,009.15	
Less: Provision for Current Tax (As Per Contra)	(13,633.26)	-	(11,650.00)	2,359.15
Vat Refundable		2,361.76		17,584.87
Excise & Service Tax Receivable		135.42		216.25
Excise & Service Tax (Under Protest)		78.02		178.02
Input Tax Credit		257.78		469.89
Employee Group Gratuity Fund		8,043.43		7,627.55
Interest Receivable Under TUF Scheme		31,126.79		30,863.32
Receivables Against Export		54,077.74		67,088.14
Insurance Claim Receivable		-		4,820.83
MAT Credit (as per Provisions of Income Tax Act, 1961)	10,468.89		11,650.00	
Less:Mat Credit Utilized (Contra)	-	10,468.89	-	11,650.00
TED Receivable		199.09		67.34
Train to Gain Receivable		-		1,200.00
<b>Total</b>		<b>116,003.04</b>		<b>149,326.28</b>

**CONTINGENT LIABILITIES (AS-29)**

Contingent liabilities not provided in respect of :

Gaurantees given by the bank amounting to Rs. 3,70,00,000 ( Previous year Rs. 4,00,00,000) for which Company has provided Counter Gaurantee to bank and also secured by the securities as mentioned in Note No. 2.3 Long Term Borrowings.  
Disputed Service Tax of Rs. 3,375,730 (Previous year Rs. 3,375,730) for the year 2005-06 to 2008-09 for which appeal is pending before CESTAT.

**NOTE NO. 2.17: REVENUE FROM OPERATIONS**
**(Amount in Rs 000)**

		Current Year		Previous Year
<b>(a) Sale of Products:</b>				
Terry Towels (Net)		1,986,044.70	1,68,6575.71	1,686,575.71
<b>(b) Rendering of Services:</b>				
Commission Income	6,618.84		8,848.41	
Processing Charges	8,946.83	15,565.67	4,699.89	13,548.30
<b>(c) Other Operating Revenues:</b>				
Duty Drawback	117,850.92		104,773.71	
Import Licences (MEIS/DEPB/FPS/MLFPS)	23,823.70	141,674.62	54,095.37	158,869.08
<b>Total</b>		<b>2,143,263.19</b>		<b>1,858,993.09</b>

**NOTE NO. 2.18: OTHER INCOME**
**(Amount in Rs 000)**

		Current Year		Previous year
Interest Income		4,039.95		7,614.93
<b>Other non-operating income :</b>				
Foreign Exchange Gain	25,223.86		27,409.56	
Rental Income	5,196.42		4,951.83	
Other Miscellaneous income	2,464.41	32,884.69	9,083.04	41,444.43
<b>Total</b>		<b>36,924.64</b>		<b>49,059.36</b>


**NOTE NO. 2.19 : COST OF MATERIALS CONSUMED**
**(Amount inRs 000)**

	Current Year	Previous year
<b>Raw Material Consumed</b>		
Opening Stock	27,894.41	32,817.12
Add: Purchases of Yarn	790,337.11	798,294.25
Purchase of Fabric	55,014.87	4,667.69
Freight	86.59	76.38
	873,332.98	835,855.44
Less: Closing Stock	25,917.63	27,894.41
	847,415.35	807,961.03
<b>Dyes &amp; Chemicals Consumed</b>		
Opening Stock	24,433.15	15,014.04
Add: Purchases	246,192.98	205,229.17
Freight	795.12	720.25
	271,421.25	220,963.46
Less: Closing Stock	22,546.13	24,433.15
	248,875.12	196,530.32
<b>Total</b>	<b>1,096,290.47</b>	<b>1,004,491.34</b>

**NOTE NO. 2.20 : CHANGE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS**
**(Amount inRs 000)**

	Current Year	Previous year
<b>Finished Goods (Towel)</b>		
Closing	14,744.56	61,010.22
Opening	61,010.00	5,521.00
	(46,265.44)	55,489.22
<b>Work in progress</b>		
Closing	104,046.68	129,461.30
Opening	129,461.00	108,471.00
	(25,414.32)	20,990.30
<b>Saleable Waste</b>		
Closing	125.10	109.59
Opening	110.00	28.81
	15.10	80.78
<b>Total</b>	<b>(71,664.66)</b>	<b>76,560.30</b>

**NOTE NO. 2.21 : MANUFACTURING EXPENSES**
**(Amount inRs 000)**

	Current Year	Previous year
Consumable Stores	58,262.29	60,836.30
Job Charges	30,756.01	46,305.65
Packing Material	46,746.27	40,949.68
Power & Fuel	159,353.66	155,437.54
Repairs & Maintenance- Building	2,826.67	2,740.94
Repairs & Maintenance- Plant & Machinery	5,575.39	3,948.15
Stores & Spares	17,959.36	26,397.93
Other Manufacturing Expenses	7,673.31	10,434.77
<b>Total</b>	<b>329,152.96</b>	<b>347,050.96</b>

**NOTE NO. 2.22: EMPLOYEES BENEFITS EXPENSES**
**(Amount inRs 000)**

	Current Year	Previous year
Salaries & Wages	223,212.51	210,098.95
Contribution to		
Provident Fund	4,748.46	4,229.89
ESIC	170.82	153.47
Gratuity	45.07	2,236.33
	4,964.35	6,619.69
Staff welfare Expenses	9,464.54	16,012.19
<b>Total</b>	<b>237,641.40</b>	<b>232,730.83</b>

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. 47,48,463.00 (Previous year Rs. 42,29,885.00 ) 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.



#### Actuarial Valuation

Particulars	Current Year Amount (Rs. )	Previous Year Amount (Rs. )
PV of Past Service Benefit	5,715,445	5,233,200
Current Service Cost	3,395,294	3,887,796
Total Service Gratuity	116,629,540	143,087,526
Accrued Gratuity	7,053,774	6,588,003
LCSA	96,968,577	119,257,994
LC Premium	163,150	187,532
Service Tax	23,656	23,179

#### Recommended Contribution Rate

Particulars	Amount (Rs. )	Amount (Rs. )
Fund Value as on renewal date/Initial Contribution	8,043,429	7,341,632
Additional Contribution for existing fund	0	0
Current Service Cost	1,916,701	1,934,121
Total Amount Payable	2,103,507	2,144,832

#### Actuarial Assumptions

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

#### NOTE NO. 2.23: FINANCE COST

(Amount in Rs 000)

	Current Year	Previous year
a) Interest Expenses	70,708.86	85,836.96
b) Other Borrowing Costs	7,013.36	6,258.06
<b>Total</b>	<b>77,722.22</b>	<b>92,095.02</b>

#### NOTE NO. 2.24 :OTHER EXPENSES

(Amount in Rs 000)

	Current Year	Previous year
Insurance	1,153.81	1,050.64
Rent	1,956.04	1,508.54
Clearing & Forwarding Charges	45,118.51	43,490.87
Commission on sale	48,641.74	62,624.25
Payment to Auditors		
- As Auditor	120.00	150.00
Others	225.38	-
Miscellaneous Expenses	33,821.20	30,090.43
<b>Total</b>	<b>131,036.68</b>	<b>138,914.72</b>

#### NOTE NO. 2.25 : EARNING PER SHARE

Particulars	Unit	Current Year	Previous year
a) Amount used as the numerator profit after tax, dividend on preference shares and tax thereon	Rs. In Lacs	926.88	208.71
b) Weighted average number of equity shares used As the denominator in computing basic Earning Per Share	Nos	5221000	5221000
c) Nominal Value per share	Rs.	10	10
d) Earning per share			
Basic	Rs.	17.75	4.00
Diluted	Rs.	17.75	4.00



### 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  
Miss Navita Khunteta  
Shri Shiv Ratan Sharma  
Shri R.S. Gemini (W.e.f. 9.11.2015)  
a) Tirupati Plastomatics Pvt. Ltd

##### b) Relative of Key Management Personnel and their enterprises

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

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

(Amount in Rs )

Nature of Transaction	Related Party			
	Referred in 1(a) above		Referred in 1(b) above	
	Current Year	Previous year	Current Year	Previous year
<b>Expenses</b>				
Salary	10,669,092	9,819,482	3,100,000	2,400,000
Interest paid	2,827,614	3,926,286	122,873	738,520
Loan Payable as on 31.03.2016	5,885,907	30,363,054	-	5,895,944
Interest recd.	24,123	-	-	-
Rent Recd	-	-	60,000	60,000
Rent Paid	-	-	1,999,004	1,385,000
Goods Sold	33,840,528	-	-	-
Goods purchased	-	-	84,590,490	94,387,012

3.2 Export obligation against EPCG License R s.4,50,00,000 (Previous year Rs 6,16,70,064) is outstanding as on 31.3.2016.

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. Outstanding forward exchange financial instruments entered into by the company as on 31.3.2016 is as under:



Particulars	(Amount in Rs )	
	As at 31.03.2016	As at 31.03.2015
No. of contracts	5	4
US Dollar	2,340,613.35	1,574,623.00
INR equivalent	161,970,509.00	98,413,937.00

### 3.6 Value of Imports on CIF basis:-

Particular	(Amount in Rs )	
	Current Year	Previous year
Spare parts & consumables	20,821,607	13,240,949
Capital Goods	-	255,569,019

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

Particular	Current Year		Previous year	
	Amount	%	Amount	%
<b>Raw material</b>				
Imported	-	-	-	-
Indigenous	1,096,290.47	100.00	1,004,491.33	100.00
<b>Spare parts</b>				
Imported	3,919.76	21.83	14,161.00	34.91
Indigenous	14,039.60	78.17	26,398.00	65.09

### 3.8 Expenses in foreign currency in respect of

Particulars	(Amount in Rs )	
	Current year	Previous year
Travelling	723,861.61	882,863.00
Commission	33,650,514.00	51,066,601.00
Marketing/ Exhibition Exp.	839,067.00	973,142.00
Membership Fee	119,225.00	151,000.00
Inspection Fee	162,122.00	62,736.00
Misc. Exp.	137,843.00	53,348.00
Testing Fee	985,125.00	20,441.00

### 3.9 Earning in Foreign Currency

Particulars	(Amount in Rs )	
	Current year	Previous year
Export of Goods on FOB Basis	1,657,466,794	1,481,095,353

**3.10** All assets and liabilities are classified as Current and Non current as per the criteria laid 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.

As per our separate Audit Report of even date

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants

FRN: 018755C

For & on behalf of the Board of Directors

**FOR KG PETROCHEM LTD.**

**(BHARAT SONKHIYA)**

Partner  
M. No. 403023

**(G. S. KANDOI)**

Chairman Cum Managing Director  
DIN: 00120330

**(MANISH SINGHAL)**

Director  
DIN: 00120232

**(Harshit Attar)**

Company Secretary  
M.No. 41051

Place : **JAIPUR**  
**Dated: 27.05.2016**



# 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 36th Annual General Meeting of the Company on Monday, 26th day of September,  
2016 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 2016 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 2016 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.

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



# 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

## PROXY FORM

### FORM NO MGT-11

(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 36th Annual General Meeting of the Company on Monday, 26<sup>th</sup> day of September, 2016 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 31.03.2016 together with the report of the Board of Directors and Auditors.		
2.	Re-appointment of Mrs Savitri Kandoi (DIN - 06921389), who retires by rotation.		
3.	Ratification of appointment of R. Sognai & Associates, Chartered Accountant as auditors of the company		
4.	Appointment of Mr. Radhey Shyam Gemini (DIN - 00108706) as an Independent Director of the Company		

\*\* 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 ..... 2016  
Signature of shareholder.....  
Signature of Proxy holder(s) (1).....  
Signature of Proxy holder(s) (2).....  
Signature of Proxy holder(s) (3).....

Affix  
Revenue  
Stamp  
not less  
than  
Re. 1

#### 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 36th Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.