



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 : manish@bhavik.biz • **Website :** www.kgpetro.in
CIN : L24117RJ1980PLC001999

KGPL/2018-2019/023

Dated 03.09.2018

General Manager
Department of Corporate Affairs
Bombay Stock Exchange Limited
25, PJ Tower, Dalal Street
Mumbai – 400001

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

Scrip Code: 531609

Dear Sir

With reference to above captioned subject, we would like to inform you that the 38th Annual General Meeting of the company was held on 31st day of August, 2018 . Annual Report of the company was approved and adopted by the members of the company in the meeting.

We hereby submit the approved and adopted Annual Report of the company for the year 2017-18, Pursuant to Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

This is for your necessary information and necessary records.

Thanking You

Your Faithfully
For K G Petrochem Limited

Gauri Shanker Kandoi
Chairman cum Managing Director
(Din NO : 00120330)



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 Till 21.09.2017
Mrs. Prity Singhal	: Executive Director w.e.f. 21.09.2017
Mr. Radhey Shyam Gemini	: Independent Director
Mr. Rameshwar Pareek	: Independent Director
Mr. Kamlesh Sharma	: Independent Director
Mr. Raj Kumar Agarwal	: Independent Director

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WORKS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

F-394(G), Road No 9F2, VKI Area, Jaipur

MANAGEMENT EXECUTIVE

Company Secretary & Compliance Office
CS Harshit Attar till 17.04.2018
CS Saied Mohammad w.e.f. 30.05.2018

Chief Financial Officer

Shiv Ratan Sharma

BANKER

STATE BANK OF INDIA
HDFC BANK LTD

AUDITOR

M/s R. Sogani & Associates
Chartered Accountants,
Shri Dham, R-20, Yudhishter Marg,
C-Scheme, Jaipur-302005

SECRETARIAL AUDITOR

M/s. Arms & Associates LLP
Company Secretary in Practice,
24 Ka 1, Jyoti Nagar, Jaipur-302005

REGISTRAR & SHARE TRANSFER AGENT

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

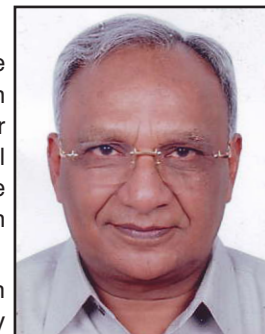
DEPOSITORY PARTICIPANT

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

CHAIRMAN'S MESSAGE

Dear Fellow Shareowners,

My colleagues on the Board, I extend my warm welcome and express their gratitude to the all present here at this 38th Annual General Meeting of your Company. I am pleased to present the 38th Annual Report of your company reflecting on our accomplishments during the financial year 2017-2018. Your Company perform well during the financial year. The Board Report and Audited Financial Statements of the Company for the year ended March 31, 2018 along with the Auditors' Report thereon has been with you.



During FY 2017-18, the global economic activity is slower than the expected in comparison to last year. Expectation of robust global demand, reduced deflationary pressures and optimistic financial markets are other upside developments expected in future. Downside risks to global growth include increasing policy uncertainty in major advanced economies, financial market disruptions and weakening potential.

In the domestic arena the Introduction of the Goods and Service Tax law during the financial year has spotted some economic slowdown in the textile industry, later on it is recovered by the continuous updation in the GST Law and procedure..

The Indian Textile Industry has an overwhelming presence in the economic life of the country. The US\$ 70 billion Indian Textile Industry is likely to become a US\$ 220 billion by 2020. The industry contributes 14% to industrial production, 12% to export earnings, 4% to the GDP and provides direct employment to 35 million people in the country. It is estimated that the textile sector will generate an additional 10 million direct employment by 2020.

The Indian Textile Industry continued to reel under pressure on account of increased cost and decreased profitability. These factors resulted in a dip in the Company's bottom-line, however due to well anticipated policy changes resulted in the Company's Top line yet gain touching a new high. Your Company continued to deliver stable operational and financial progress during the period under review. We are delighted to see our revenue from operation achieving new milestone of Rs.23357.47 lacs in FY 2017-18 as against Rs.23154.13 lacs in FY 2016-17. KGPL cross the export level established last year and achieved its next record level of export (FOB) Rs.18897.23 lacs in F.Y. 2017-18 in comparison to Rs.18870.78 lacs in FY 2016-17, although the export turnover slightly increase but the profit before tax decrease Rs. 980.01 lacs as against Rs. 1608.04 lacs in the previous year due to increase overhead cost, specially power consumption and fuel cost.

Further the Installation of a new unit is running full fledged in the name of Ultra Polycoats for manufacturing artificial leather at Keswana Kotputli with installed capacity of 50 Lac mtr/pa of Coated Fabric and expecting that production of unit will commence in the second quarter of current financial year.

I strongly believe that the cordial relation between the management and employee can take the organization to a newer heights. I sincerely thank the board members and all employees for believing in organization goal and objectives, and for creating such a positive and productive workplace by establishing respectful and amicable relationship. I always had faith on our employees in doing productive work that eventually benefited the organization. I take pride to represent them and work together with them to ensure higher growth for the company in the coming years.

I extend my sincere thanks to all our stakeholders including lending banks, shareholders, customers and our loyal, hardworking and committed employees for their unstinted support in shaping and improving the performance of the Company and for inspiring us even in the turbulent time in the recent past.

With warm regards,

Gauri Shanker Kandoi

Chairman



KG Petrochem Limited

CIN: L24117RJ1980PLC001999

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

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

NOTICE

Notice is hereby given that the 38th Annual General Meeting of members of **K G PETROCHEM LIMITED** will be held on Friday, 31.08.2018 at 10.30 A.M at Corporate Office : F-394(G), Road No. 9F2, 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, 2018 and the Statement of Profit and Loss Account and the Cash Flow Statement for the financial year ended 31.03.2018 and the Report of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted”.
2. **“RESOLVED THAT** Mr. Ramesh Chand Maheshwari (DIN: 00091429) 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.”

SPECIAL BUSINESS:

3. Sell, Lease or Dispose off the Assets of the Company

To consider and if though fit, to pass with or without modification the following resolution as special resolution.

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent be and is hereby accorded to the Company, to sell, mortgage and / or charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and / or immovable properties of the Company, and / or the interest held by the Company in all or any of the movable and / or immovable properties, both present and future and / or the whole or any part of the undertaking(s) of the Company, together with the power to take over the management of business and concern of the Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and / or nonconvertible debentures with or without detachable or non-detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the agent(s) and / or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Heads of Agreement(s), Debenture Trust Deed(s) or any other agreement / document, entered into / to be entered into between the



Company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and / or trustee(s);

By the order of the Board of Directors
For KG Petrochem Limited

Date: 31.07.2018
Place: Jaipur

Sd/-
Saied Mohammad
Company Secretary

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 25/08/2018 to 31/08/2018 (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. – are attached
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, Kolkata-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 38th Annual General Meeting and Annual Report for the year 2017-2018 is also available on the website of the Company www.kgpetro.in for their download.
15. Voting through electronic means
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide remote e-voting facility to the members of the Company to exercise their right to vote in respect of the resolutions to be passed at the 38th 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 28.08.2018 at 10.00 A.M. and ends on 30.08.2018 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 24.08.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on Shareholders.

- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Company Name i.e. KG Petrochem Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The

option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact them at 1800 200 5533
- d. Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting and that the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

16. Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send

scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote through e-mail at cssandeep@armsandassociates.com with a copy marked to helpdesk.evoting@cdslindia.com on or before 30/08/2018 up to 5 p.m. without which the vote shall not be treated as valid.

17. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 24.08.2018. A person who is not a member as on cut-off date should treat this notice for information purpose only.
18. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members / beneficial owners position list provided by depositories as at closing hours of business, on 13/07/2018.
19. The shareholders shall have one vote per equity share held by them as on the cut-off date of 24.08.2018. 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 24.08.2018 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. 24.08.2018 are requested to send the written / email communication to the Company at jproffice21@bhavik.biz by mentioning their Folio No. / DP ID and Client ID to obtain the Login-ID and Password for e-voting.
23. Mr. Sandeep Jain of M/s. ARMS and Associates LLP, Practicing Company Secretary (FCS 5398) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner. The Scrutinizer will submit, not later than 3 days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
24. The results declared along with the report of Scrutinizer shall be placed on the website of the Company www.kgpetro.in and on the website of CDSL. The results shall also be forwarded to the Stock Exchange viz BSE Limited, where the shares of the company are listed.
25. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the brief profile of Directors eligible for appointment and re-appointment is given in the Annexure to the Notice forming part of Annual Report



ANNEXURE TO THE NOTICE

(Statement under Section 102 of the Companies Act, 2013)

Item No. 02

Name of Director	Brief Resume	Expertise	Relations hip	Other Directorship
Mr. Ramesh Chand Maheshari	He is Commerce Graduate and having more than 30 years of experience in various Industrial Activities	He is Executive Director and looking after the marketing operation of the company.	NIL	NIL

Item No. 03

As per the provisions of Section 180(1)(a) of the Companies Act, 2013, a company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, unless approval of the Members is obtained by way of a Special Resolution.

In connection with the loan/credit facilities to be availed by the Company, as and when required, through various sources for business purposes, the Company might be required to create charges over its assets, properties and licenses by way of hypothecation, mortgage, lien, pledge etc. in favour of its lenders (up to the limits approved under Section 180(1)(c) of the Companies Act, 2013), for the purposes of securing the loan/credit facilities extended by them to the Company. Further, upon occurrence of default under the relevant Loan/facility agreements and other documents as may be executed by the Company with the lenders, the lenders would have certain rights in respect of the Company's assets, properties and licenses including the rights of sale/disposal thereof, creation of charge/s as aforesaid and enforcement of assets by the Company's lenders upon occurrence of default would amount to a sale/disposal of the whole or substantially the whole of the undertaking of the Company, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013.

Accordingly, the Board recommends the Special Resolution set forth in Item No.3 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned both the above Resolution except to the extent of their shareholding, if any, in the Company.

By order of the Board of Director

For KG Petrochem Limited

Sd/-

Saied Mohammad

Company Secretary

Membership No. - 52869

Date: 31/07/2018

Place: Jaipur



BOARD'S REPORT

To,
The Members of
K G Petrochem Limited

Your Directors have pleasure in presenting this 38th Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2018.

1. FINANCIAL HIGHLIGHTS

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

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

2. REVIEW OF OPERATIONS

During the Financial Year, the performance of the company from revenue point of view was satisfactory as the Company has achieved turnover of Rs. 22727.38 lacs as against Rs. 22645.48 Lacs in the preceding financial year. There were no substantial increase in the turnover of the company in comparison to last year. The profit before tax for the year Rs. 980.01 lacs as compared to Rs. 1608.04 lacs in the previous year. Further Segment wise result of operation is as under:-

Textile Division

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

Agency Division

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

Garment Division

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

Technical Textile Division

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

3. CHANGE IN NATURE OF BUSINESS, IF ANY

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

4. DIVIDEND

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

5. AMOUNTS TRANSFERRED TO RESERVES

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

6. INVESTOR EDUCATION AND PROTECTION FUND

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

7. SHARE CAPITAL

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

8. MATERIAL CHANGES AND COMMITMENTS

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

There is no order passed by any Regulator or Court or Tribunal against the company, impacting the going concern concept or future operations of the company.

9. INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

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

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

11. BOARD AND COMMITTEE MEETINGS

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

12. EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and

Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

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

The Company has prepared an annual performance evaluation policy for performance evaluation of Independent Directors, Board and the Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

13. REMUNERATION POLICY

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

14. CREDIT RATING

ICRA has assigned and continued a long-term rating of ICRA BBB (pronounced ICRA Triple B) and short-term rating of ICRA A3+ (ICRA A three Plus) vide letter dated 20.07.2017.

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

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

16. LISTING STATUS

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

17. SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

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

18. BOARD COMMITTEES

The Company have following Committees:

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

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

19. VIGIL MECHANISM

The Company has formulated a vigil mechanism (whistle blower policy) for its directors and employees of the Company for reporting genuine concerns about unethical practices and suspected or actual fraud or violation of the code of conduct of the Company as prescribed under the Companies Act, 2013 and Regulation 22(1) of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015. The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.kgpetro.in>.

20. CODE OF CONDUCT

Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the CEO & Whole Time Director is attached as annexure "I" which forms a part of this Report. The Code of Conduct is also available on the Company's website www.kgpetro.in

21. HUMAN RESOURCE MANAGEMENT, HEALTH AND SAFETY

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

The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. There were 1098 regular employees as at March 31, 2018.

22. PARTICULARS OF EMPLOYEES

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

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

23. EXTRACT OF ANNUAL RETURN

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

24. RELATED PARTY TRANSACTIONS

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

25. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

27. CORPORATE GOVERNANCE

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

28. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

29. STATUTORY AUDITORS AND REPORT THEREON

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

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

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

30. SECRETARIAL AUDIT AND REPORT

According to provision of the section 204 of the Companies Act 2013 read with rule 9 of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report Submitted by M/s Arms & Associates LLP, Practicing Company Secretaries, for the financial year ended 31st March, 2018 is annexed herewith for your kind perusal and information. (Annexure -IX). The Secretarial Auditor does not contain any qualification, observation, adverse remark or disclaimer in his report.

31. COST AUDIT

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

32. LOANS, GUARANTEES AND INVESTMENTS U/s 186

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable for the F.Y. 2017-18.

33. DEPOSITS

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

34. DEMATERIALISATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2018, 97.44% of the share capital stands dematerialized.

35. PREVENTION OF INSIDER TRADING

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

36. CAUTIONARY STATEMENT

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

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

37. DIRECTORS' RESPONSIBILITY STATEMENT

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



- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

38. APPRECIATION

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

For and on behalf of the Board of Directors

K G Petrochem Limited

Date : 31.07.2018

Manish Singhal
Whole Time Director
DIN : 00120232

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

Place : Jaipur

ANNEXURE-I

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

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2018 from all the Board Members and Senior Management Personnel.

For and on behalf of the Board of Directors

K G Petrochem Limited

Date : 31.07.2018

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

Place : Jaipur

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, 2017*

S.NO.	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	Shri Gauri Shanker Kandoi
		2	Shri Manish Singhal
		3	Smt. Prity Singhal*
		4	Shri. Ramesh C. Maheshwari
		None of the other directors received any remuneration during the Financial Year 2017-18	
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	Directors	
		1	Shri Gauri Shanker Kandoi
		2	Shri Manish Singhal
		3	Smt. Prity Singhal*
		4	Shri. Ramesh C. Maheshwari
		KMPs	
		1	Shri Shiv Ratan Sharma
		2	Shri Harish Attar***
		3	Shri. Saied Mohammad**
3	The percentage increase in the median remuneration of the employees in the Financial Year	27.61	
4	The number of the permanent employee on the roll of the company	1098 Employees as on 31.03.2018	
5	The explanation on the relationship between average increase in the remuneration and company performance;	(i) Increase in salary is based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks	
6	Comparison of the remuneration of the KMP against the performance of the company;	Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2017-18 (Rs. Lacs)	180.61
		Revenue (Rs. Lacs)	23357.47
		Remuneration of KMP's (as % of Income)	0.77
		Profit before Tax (PBT) (Rs. Lacs)	980.01
		Remuneration of KMP's (as % of PBT)	18.43
12	Affirmed that the remuneration is as per the remuneration policy of the Company.		

*Mrs. Prity Singhal Appointed Executive Director as on 01.10.2017

** Mr. Saied Mohammad Appointed Company Secretary and Compliance Officer as on 30.05.2018

*** Mr. Harshit Attar Resigned on 17.04.2018



ANNEXURE - III

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company
(Management & Administration) Rules, 2014.**

I REGISTRATION & OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Cotton Terry Towel	131	99.592

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.	N.A.	N.A.	N.A.	N.A.



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

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% change during the year Increased/(Decreased)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3897332	-	3897332	74.647	3897332	-	3897332	74.647	0.000
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	0.000
c) Bodies Corporates	-	-	-	-	-	-	-	-	0.000
d) Bank/Fl	-	-	-	-	-	-	-	-	0.000
e) Any other	-	-	-	-	-	-	-	-	0.000
SUB TOTAL:(A) (1)	3897332	-	3897332	74.647	3897332	-	3897332	74.647	0.000
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	0.000
b) Other Individuals	-	-	-	-	-	-	-	-	0.000
c) Bodies Corp.	-	-	-	-	-	-	-	-	0.000
d) Banks/Fl	-	-	-	-	-	-	-	-	0.000
e) Any other...	-	-	-	-	-	-	-	-	0.000
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	0.000
Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)	3897332	-	3897332	74.647	3897332	-	3897332	74.647	0.000
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	0.000
b) Banks/Fl	-	-	-	-	-	-	-	-	0.000
c) Cenntal govt	-	-	-	-	-	-	-	-	0.000
d) State Govt.	-	-	-	-	-	-	-	-	0.000
e) Venture Capital Fund	-	-	-	-	-	-	-	-	0.000
f) Insurance Companies	-	-	-	-	-	-	-	-	0.000
g) FIIS	-	-	-	-	-	-	-	-	0.000
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.000
i) Others (specify)	-	-	-	-	-	-	-	-	0.000
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	0.000
(2) Non Institutions									
a) Bodies corporates									
i) Indian	211820	53600	265420	5.084	210603	53600	264203	5.060	-0.023
ii) Overseas	-	-	-	-	-	-	-	-	0.000
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	59400	97250	156650	3.000	92406	80250	172656	3.307	0.307
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	900221	0	900221	17.242	881295	0	881295	16.880	-0.362
c) Others (specify)	-	-	-	-	-	-	-	-	0.000
j) Non Resident Indian	465	-	465	0.009	1130	-	1130	0.022	0.013
ii) Clearing Members	912	-	912	0.017	4384	-	4384	0.084	0.067
SUB TOTAL (B)(2):	1172818	150850	1323668	25.353	1189818	133850	1323668	25.353	0.000
Total Public Shareholding									
(B) = (B)(1) + (B)(2)	1172818	150850	1323668	25.353	1189818	133850	1323668	25.353	0.000
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	0.000
Grand Total (A+B+C)	5070150	150850	5221000	100.000	5087150	133850	5221000	100.000	0.000



(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	BAL DEV DAS GAURI SHANKER KANDOI HUF	330400	6.33	0.00	330400	6.328	0.00	0.00
2	GAURI SHANKER KANDOI	1428807	27.37	0.00	1428807	27.367	0.00	0.00
3	MANISH SINGHAL	1377625	26.39	0.00	1377625	26.386	0.00	0.00
4	MANISH SINGHAL HUF	340000	6.51	0.00	340000	6.512	0.00	0.00
5	SAVITRI KANDOI	420500	8.05	0.00	420500	8.054	0.00	0.00
	Total	3897332	74.65	0.00	3897332	74.647	0.00	0.00

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

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



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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	SANJAY BANSAL				
	a) At the Beginning of the Year	260175	4.983		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			260175	4.983
2	VANDITA JAIN				
	a) At the Beginning of the Year	253900	4.863		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			253900	4.863
3	M T FINANCIAL SERVICES PRIVATE LIMITED				
	a) At the Beginning of the Year	210000	4.022		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			210000	4.022
4	VIDIT JAIN				
	a) At the Beginning of the Year	176806	3.386		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			176806	3.386
5	SIDDHARTH KEDIA				
	a) At the Beginning of the Year	102300	1.959		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			102300	1.959
6	PRUDENTIAL CAPITAL MARKETS LTD.				
	a) At the Beginning of the Year	52600	1.007		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			52600	1.007
7	MANIK CHAND FOGLA				
	a) At the Beginning of the Year	35200	0.674		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			35200	0.674
8	NEELAM MITTAL				
	a) At the Beginning of the Year	16915	0.324		
	b) Changes during the year				
	Date Reason				
	14/04/2017 Transfer	180	0.003	17095	0.327
	21/04/2017 Transfer	100	0.002	17195	0.329
	28/04/2017 Transfer	739	0.014	17934	0.343
	16/06/2017 Transfer	-146	-0.003	17788	0.341
	22/09/2017 Transfer	-68	-0.001	17720	0.339
	30/09/2017 Transfer	-211	-0.004	17509	0.335
	c) At the End of the Year			17509	0.335



9	ASHA GARG				
	a) At the Beginning of the Year	12885	0.247		
	b) Changes during the year				
	Date Reason				
	15/12/2017 Transfer	-785	-0.015	12100	0.232
	c) At the End of the Year			12100	0.232
10	PRABHUDAYAL FOGLA				
	a) At the Beginning of the Year	12300	0.236		
	b) Changes during the year	[NO CHANGE DURING THE YEAR]			
	c) At the End of the Year			12300	0.236
	T O T A L	1133081	21.701	1132890	21.697

(v) **Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the		Cumulative Shareholding during the	
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	1377625	26.386		
	Changes during the year	[NO CHANGE DURING THE YEAR]			
	At the end of the year			1377625	26.386

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	1428807	27.367		
	Changes during the year	[NO CHANGE DURING THE YEAR]			
	At the end of the year			1428807	27.367

3	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		
	Changes during the year	[NO CHANGE DURING THE YEAR]			
	At the end of the year			0	0

4	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 CHANGE DURING THE YEAR]			
	At the end of the year	0	0.00	0	0

5	Mr. Harshit Attar *	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		
	Changes during the year	[NO CHANGE DURING THE YEAR]			
	At the end of the year			0	0

6	Mr. Saied Mohammad**	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	NIL	0.00		
	Changes during the year	[NO CHANGE DURING THE YEAR]			
	At the end of the year			NIL	0

* Mr. Harshit Attar resign from the Post of Company Secretary on 17.04.2018

** Mr. Saied Mohammad appointed as Company Secretary from 30.05.2018.

Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	11374.87	-	-	11374.87	
ii) Interest due but not paid	-	-	-		
iii) Interest accrued but not due	-	-	-		
Total (i+ii+iii)	11374.87	-	-	11374.87	
Change in Indebtedness during the financial year					
Additions	2197.53	-	-	2197.53	
Reduction	1075.12	-	-	1075.12	
Net Change	1122.41	-	-	1122.41	
Indebtedness at the end of the financial year					
i) Principal Amount	12497.28	-	-	12497.28	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
Total (i+ii+iii)	-	-	-	-	

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WTM/Manager			Total Amount	Total Amount
1	Gross salary	G.S. Kandoi	Manish Singhal	R.C. Maheshwari	Prity Singhal*	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	76	72	4.8	19	171.8
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission					
	as % of profit					
	others (specify)	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (A)	76	72	4.8	19	171.8
	Ceiling as per the Act	Rs. 218.18 Lacs (Calculated as per Schedule V and section 198 of the companies Act, 2013)				

* Mrs. Prity Singhal has been appointment Executive Director on 01.10.2017



B. Remuneration to other directors:

(Amount in Lacs)

Sl.No	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	RAMESHWAR PAREEK	KAMLESH SHARMA	RADHEY SHYAM GEMINI	RAJ KUMAR AGARWAL	
	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2	Other Non Executive Directors	SAVITRI KANDOI*	NIL	Nil	Nil	Nil
	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil	Nil
	(c) Others, please specify.	Nil	Nil	Nil	Nil	Nil
	Total (2)					
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act.	Rs. 21.82 Lacs (Calculated as per Schedule V and section 198 of the companies Act, 2013)				

* Mrs. Savitri Kandoi has been resigned from Directorship on 21.09.2017

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	CEO	Company Secretary	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	76	2.78	6.03	84.81
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission as % of profit others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	76	2.78	6.03	84.81

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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

ANNEXURE-IV

BRIEF OUTLINE OF THE COMPANY'S CSR POLICY

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

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Refer Corporate Social Responsibility Policy in this Report.

2. The composition of the CSR Committee

1. Mr. Gauri Shankar Kandoi

2. Mr. Manish Singhal

3. Mr. Raj Kumar Agarwal

3. Average net profit of the company for last three financial years: Rs. 1059.50 Lacs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 21.19 Lacs

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Rs. 21.19 Lacs

(b) Total amount spent: Rs. 17.06 Lacs

(c) Amount unspent, if any: Rs. 4.13 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)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads (Rs. in Lacs)	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
1	Recharge Structure for RWH Work in Village, Tehsil Kothputli Dist. Jaipur, Rajasthan	Water Restructuring Work	Shuklawas, Khadab and Saroond, Tehsil Kotputli, Dist. Jaipur, Rajasthan	20.00	8.48	8.48	Agency Implementation
2	Recharge Structure for RWH Work in Village, Tehsil	Water Restructuring Work	Ajeetpura Kala, Fathepura Kala Pavana Ahir & Khadab, Tehsil Kotputli, Dist. Jaipur, Rajasthan		8.48	8.48	Agency Implementation
3	Distribution of School Shoe for Poor Children	Educational Activity	At Gonedra Village, Tehsil Kotputli, District Chaksu	0.10	0.10	0.10	Agency Implementation
			TOTAL	20.10	17.06	17.06	



* : The proposed plan included a project which shall continue for more than 2 years. It involves less expenses in the initial years but will increase with the progress of the project, the amount short spent during the year shall be spent in the following years.

** The CSR Committee on its meeting held on 17.04.2018 has consider the water borewell activities and approved Rs. 2.00 Lacs for borewell in the Gonera Village, tehsil Kotputli area

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

For and on behalf of the Board of Directors
K G Petrochem Limited

Date : 31.07.2018

Gauri Shanker Kandoi
Chairman & Managing Director
DIN : 00120330

Place : Jaipur

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>A. Conservation of Energy (i.) The step taken or impact on conservation of energy</p>	<p>The steps taken for conservation of energy: In line with the Company's commitment towards conservation of energy, the company continues with its efforts aimed at improving energy efficiency through improved operational and maintenance practices.</p> <hr/> <p>The steps taken in this direction are as under:</p> <ol style="list-style-type: none"> a) Energy conservation has been an important thrust area for the Company and is continuously monitored. The adoption of energy conservation measures has helped the Company in reduction of cost and reduced machine down-time. b) Energy conservation is an ongoing process and new areas are continuously identified and suitable investments are made, wherever necessary. c) Various on-going measures for conservation of energy include <ol style="list-style-type: none"> (i) use of energy efficient lighting and better use of natural lighting, (ii) reduction of energy loss, and (iii) Replacement of outdated energy intensive equipment. d) The Company has not specific Research and Development Department. However, the Company carries out research and development in several areas including material & process developments towards efficiency improvements, quality improvements, waste reduction etc. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs and packaging materials to have cost savings without compromising quality.
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	The Company has derived benefits of product development, cost reduction and better quality as a result of the above efforts
	The research and development is an on-going exercise and suitable efforts will continue to be made in future.
(ii) The steps taken by the company for utilizing alternate source of the energy.	NIL
(iii) The steps taken by the company for utilizing alternate source of the energy.	NIL
(B.) Technology Absorption	
(i) the efforts made towards technology absorption	Efforts are being made towards improvements
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	The benefits derived are:- a. Improved quality and productivity. b. Conservation of fuel & reduced emissions.
(iii) in case of imported technology(imported during the last three years reckoned from the beginning of the financial year) a. The details of the technology imported. b. The year of import. c. Whether the technology been fully absorbed. d. If not fully absorbed, areas whether absorption has not taken place and reasons thereof	NIL
(C) Foreign exchange earning & outgo	Foreign exchange earnings: Rs.18897.23 lacs
	Foreign exchange used :Rs. 247.58 lacs

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 at KGPL is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance 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 basic 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 31.03.2018 is eight, out of which four are 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 Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Composition of the Board of Directors as on March 31, 2018 with their attendance at the Board Meetings held during the year 2017-18 and at the last Annual General Meeting is given below.

Name of the Directors	Categories of Directors	No. of other Directorship(s) held in other public companies	No. of committee position in other companies		Number of shares held
			Chairman	Member	
Gauri Shanker Kandoi DIN : 00120330	Executive Director Promoter	1	-	2	1428807
Manish Singhal 00120232	Executive Director Promoter	NIL	-	-	1377625
Savitri Kandoi*** 06921389	Executive Director Promoter	NIL	-	-	420500
Ramesh Chand Maheshwari 00091429	Executive Director	NIL	-	-	NIL
Rameshwar Pareek 00014224	Non Executive (Ind. Director)	6	2	1	NIL
Kamlesh Sharma 00037588	Non Executive (Ind. Director)	NIL	-	-	NIL
Radhey Shyam Gemini 00108706	Non Executive (Ind. Director)	3	-	-	NIL
Raj Kumar Agarwal 00127215	Non Executive (Ind. Director)	1	-	-	NIL
Prity Singhal*** 02664482	Executive Director	NIL	-	-	NIL

* Mrs. Savitri Kandoi has been resigned from Directorship on 21.09.2017

* Mrs. Prity Singhal has been appointment Executive Director on 01.10.2017

Notes:

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

(b) Board Meeting:

The Board of Directors of the Company met Eight times on 30.05.2017, 20.07.2017, 23.08.2017, 14.09.2017, 30.09.2017, 14.12.2017, 23.12.2017, and 14.02.2018. during the financial year ended 31st March, 2018. 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.

S.No.	Name of the Director	Number of Board Meetings held during the tenure of directorship and attended by them		Attendance at last AGM held on 21.09.2017
		HELD	ATTENDED	
1	Shri G.S. Kandoi	8	8	YES
2	Shri Manish Singhal	8	8	YES
3	Shri Raj Kumar Agarwal	8	8	YES
4	Shri Rameshwar Pareek	8	8	YES
5	Shri R.C. Maheshwari	8	8	YES
6	Shri Kamlesh Sharma	8	8	YES
7	Smt. Savitri Kandoi	8	4	YES
8	Shri Radheyshyam Gemini	8	8	YES
9	Smt. Prity Singhal	8	4	N.A.

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

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

Tenure of Directorship of Mr. R.C. Maheshwari who has been longest in the office, is liable to retire by rotation as per Companies Act, 2013 at the 38th 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 29.12.2017 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.

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

KG's Principals are enshrined a code of conduct for all our board members and senior management of the company. The code of conduct has been posted on the company's website: - www.kgpetro.in. The code of conduct has been circulated to all the members of the board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial 31.03.2018

(e) Evaluation of the Board's Performance

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

III. AUDIT COMMITTEE:

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

Sh. Rameshwar Pareek, Chairman of the Audit Committee was present at the last Annual General Meeting.

Four meetings of the Audit Committee were held during the year viz. on May 30, 2017, September 14, 2017, December 14, 2017, and February 14, 2018 respectively. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

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

(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 July 20, 2017. The composition of the Nomination and Remuneration Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Kamlesh Sharma	Chairman	Non-Executive Independent Director	1 of 1
2	Mr. Rameshwar Pareek	Member		1 of 1
3	Mr. Raj Kumar Agarwal	Member		1 of 1

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 Directors				
Executive Director	Business relationship with the company, if any	Remuneration paid during 2017-18 (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
Shri G.S. Kandoi	CMD	76	0	0
Shri Manish Singhal	Whole Time Director	72	0	0
Shri R.C. Maheshwari	Whole Time Director	4.8	0	0
Smt. Prity Singhal (01.10.2017)	Whole Time Director	19	0	0

VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

- The Stakeholder Relationship Committee looks into shareholders' and investors' grievances. Mr. Raj Kumar Agarwal, Independent Director is the Chairperson of the Committee.
- One meetings of the Stakeholders Relationship Committee were held during the year viz. on October 09, 2017. The composition of the Stakeholders Relationship Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No.of meetings attended
1	Mr. Raj Kumar Agarwal	Chairman	Independent Director	1 of 1
2	Mr. Gauri Shanker Kandoi	Member	Executive Director	1 of 1
3	Mr. Manish Singhal	Member	Executive Director	1 of 1

- Number of investors' complaints received by the RTA/ Company during the year: Nil Number of complaints not solved to the satisfaction of shareholders during the year: Nil Number of complaints pending as at 31st March, 2018: 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

- 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.
- Two meeting of the CSR Committee was held during the year viz. on April 10, 2017 and August 26, 2017. The composition of the CSR Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Gauri Shanker Kandoi	Chairman	Executive Director	2 of 2
2	Mr. Manish Singhal	Member	Executive Director	2 of 2
3	Mr. Raj Kumar Agarwal	Member	Independent	2 of 2

VIII. FINANCE COMMITTEE:

- 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.
- Two meeting of the Finance Committee was held during the year viz. on May 08, 2017 and March 31, 2018. The composition of the Finance Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Gauri Shanker Kandoi	Chairman	Executive Director	2 of 2
2	Mr. Manish Singhal	Member	Executive Director	2 of 2
3	Mr. Raj Kumar Agarwal	Member	Independent	2 of 2



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
35th 2015	C-171, Road No. 9J, VKI Area, Jaipur-302013	30.09.2015	3:00 PM	Three
36th 2016		26.09.2016	10:30 AM	Nil
37th 2017		21.09.2017	10:30 AM	Three

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.

XI GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting to be held:

Day : Friday
Date : 31 August 2018
Time : 10.30 A.M.
Venue : F-394(G), ROAD NO. 9F2, VKI AREA, JAIPUR - 302013

(ii) Financial Year : 1st April, 2017 to 31st March, 2018

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

The Bombay Stock Exchange,
Phiroze Jeejee bhoy 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 2017-2018:
The details of Monthly High and Low price(s) on the Stock Exchange, Mumbai, for the Financial Year 2016-2017 are as under:

Month	Monthly High	Monthly Low	Monthly Volume	BSE SENSEX Monthly High	BSE SENSEX Monthly Low
April, 2017	132.30	95.55	5567	30184.22	29241.48
May, 2017	120.00	97.25	5959	31255.28	29804.12
June, 2017	130.10	102.10	15473	31522.87	30680.66
July, 2017	130.85	106.25	19111	32672.66	31017.11
August, 2017	134.30	99.85	8470	32686.48	31128.02
September, 2017	151.00	109.85	18995	32524.11	31081.83
October, 2017	131.00	109.00	5301	33340.17	31440.48
November, 2017	129.00	105.60	8727	33865.95	32683.59
December, 2017	130.00	111.60	5291	34137.97	32565.16
January, 2018	128.10	108.10	10357	36443.98	33703.37
February, 2018	121.25	108.15	9501	36256.83	33482.81
March, 2018	115.00	85.20	16477	34278.63	32483.84

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, 2018:

No. of equity shares held	Number	% to Total	Total Shares	% of Total Shares
Up to 500	335	72.1983	55380	1.0607
501 to 1000	86	18.5345	74278	1.4227
1001 to 5000	26	5.6034	44515	0.8525
5001 to 10001	1	0.2155	5600	0.1073
10001 to 50000	5	1.0776	88114	1.6877
50001 to 100000	1	0.2155	52600	1.0075
100001 to above	10	2.1552	4900513	93.8616
Total	464	100	5221000	100

(ix) Categories of Shareholding as on March 31, 2018:

Category	No. of Shares held	% of Shareholding
Indian Promoters, Directors & their relatives	3897332	74.65
Foreign Promoters	Nil	Nil
UTI/Financial Institutions & Banks	Nil	Nil
Body Corporate	264203	5.06
NRI/ OCB/ Clearing House/ Public	1130	0.02
Foreign Institutional Investors	Nil	Nil
Indian Public	1058335	20.27
Total	5221000	100

**(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, 2018, a total of 50,87,150 equity shares which form 97.44% 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) Bhavik Terryfab (A Unit of KG Petrochem Ltd.), Plot no. SP-4/3, RIICO Industrial Area, Village Keswana, Teh. Kotputli, Jaipur-303108
- (b) Mantika Gartex (A Unit of KG Petrochem Ltd.) C-171, Road No. 9J, VKI Area, Jaipur-302013
- (c) Ultra Polycoats (A Unit of KG Petrochem Ltd.), Plot no. SP-4/3A, RIICO Industrial Area, Village Keswana, Teh. Kotputli, Jaipur-303108

(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, 2018, 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 : 14.06.2018

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

ANNEXURE-VIII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

During FY 2017-18, the global economy witnessed a spill-over of the heightened volatility and uncertainty from earlier years. In addition to concerns in various large economies like China, Japan and some European nations, the trends in commodities and currencies have exerted pressure on both developed economies and emerging markets. As a result, global growth rates continue to be sluggish.

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

OPERATION OVERVIEW

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

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

SEGMENT ANALYSIS AND REVIEW

A. TEXTILE DIVISION:

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

B. TECHNICAL TEXTILE:

Almost all Plant and Machinery has arrived at factory site, the installation of the Plant and Machinery are in process and expected to complete by the end of June-2018, and will start commercial production in second quarter.

C. AGENCY DIVISION:

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

OPPORTUNITIES & THREATS

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

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

BUSINESS OUTLOOK

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

INTERNAL CONTROL SYSTEM

Commensurate with the size of the Company and nature of business, the Company has adequate system of internal control procedures. All the assets are safeguarded, protected against loss and all transaction are authorized, recorded and recorded correctly. The internal control system of the company are monitored and



evaluated by external auditors and their internal audit report is periodically placed and reviewed by the Audit Committee of the Board of Directors.

RISK & CONCERNS

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

STATUTORY COMPLIANCE

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

INDUSTRIAL RELATIONS

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

HUMAN RESOURCES

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

ANNEXURE-IX

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2018

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

The Members,

K G Petrochem Limited

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

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

Based on our verification of the K G Petrochem Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by KG Petrochem Limited ("The Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- 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.

Date : 14th June, 2018

For ARMS and Associates LLP
Company Secretaries

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.

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.

Date : 14th June, 2018

For ARMS and Associates LLP
Company Secretaries

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 Financial Statements

We have audited the accompanying standalone financial statements of **KG Petrochem Limited** ('the Company') which comprises the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and Statment of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and Statment of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its Profit (including other comprehensive income) and its Cash Flows and Statment of Changes in Equity for the year ended on that date.

Other Matter

The financial information of the company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1 2016 included in these standalone financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 and March 31 2016 prepared in accordance with Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us on which we expressed an unmodified opinion. The adjustments to those financial statements for the difference in accounting principles adopted by the company on the transition have been audited by us.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement and the Statement of Changes in Equity comply with the Accounting Standards notified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a Director in terms of 164(2) of the Companies Act, 2013;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) 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.
 - iv) The Company has provided requisite disclosures in the financial statements, on the basis of information available with the Company. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For R Sogani & Associates
Chartered Accountants
FRN: 018755C

(Bharat Sonkhiya)
Partner

Membership No: 403023

Place : Jaipur
Date : 30 May 2018

ANNEXURE - A REFERRED TO IN THE AUDITOR'S REPORT ON THE ACCOUNTS OF KG PETROCHEM LIMITED FOR THE YEAR ENDING 31st MARCH, 2018

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

- 1) In respect of fixed assets:
 - (a) According to information and explanation given to us, fixed asset register of the Company has been properly maintained.
 - (b) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable.
 - (c) According to information and explanation given to us, title deeds of immovable properties are held in the name of the Company.
- 2) In respect of its inventories:
 - (a) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the Company and nature of its business.
 - (c) According to information and explanation given to us, all discrepancies have been rectified by the Company and accordingly considered in books of accounts.
- 3) In respect of loans:

According to the information and explanations given to us, the Company has not granted any loans, secured and unsecured, to companies, firms and other parties covered in the register maintained under section 189 of Companies Act, 2013.
- 4) As per information and explanations provided to us, in respect of loans, investments and guarantees, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- 5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any relevant provisions of the Companies Act, 2013 and the rules made there under.
- 6) In respect of cost records:

We have been explained that the maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 for the period under review for any of the products.
- 7) In respect of statutory dues:
 - (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as recorded in books of accounts, applicable to it.

Further no undisputed amounts payable in respect thereof were outstanding at the year end for a period more than six months from the date they became payable.
 - (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, Custom duty and Excise Duty and Goods and Service Tax which have not been deposited on account of any dispute except the following:

Nature of Dispute	Amount (In Rs.)	Period to which the amount relates	Forum where dispute is pending
Civil Suit against the company	13,75,622/- with interest	F.Y. 2009 -10	Bombay High Court

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

For R Sogani & Associates
Chartered Accountants
FRN: 018755C

(Bharat Sonkhiya)
Partner
Membership No: 403023

Place : Jaipur
Date : 30 May 2018



ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KG PETROCHEM LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KG Petrochem Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, judging by the nature and quantum of transactions appearing in the financial statements, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R Sogani & Associates
Chartered Accountants
FRN: 018755C

(Bharat Sonkhiya)
Partner
Membership No: 403023

Place : Jaipur
Date : 30 May 2018



K G PETROCHEM LIMITED, JAIPUR

CIN: L24117RJ1980PLC001999

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

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

BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in Lakhs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	7A	7,145.24	8,397.79	9,253.09
(b) Capital work-in-progress	7B	3,272.45	74.59	-
(c) Financial Assets				
(i) Others Financial Assets	8	85.06	116.65	117.63
(d) Other Non Current Assets	9	19.65	17.70	21.70
Current assets				
(a) Inventories	10	2,792.50	3,651.26	2,254.79
(b) Financial Assets				
(i) Trade Receivables	11	7,342.88	5,908.62	5,062.82
(ii) Cash and Cash Equivalents	12	16.83	507.47	11.62
(iii) Others Current Financial Assets	13	31.29	78.97	71.40
(c) Other Current Assets	14	2,164.49	1,437.63	1,154.66
Total Assets		22,870.39	20,190.68	17,947.71
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	15	581.53	581.53	581.53
(b) Other Equity	16	5,342.75	4,514.37	3,365.36
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	6,061.42	5,114.54	6,189.66
(b) Deferred Tax Liabilities (Net)	18	362.89	679.27	717.07
(c) Other Non Current Liabilities	19	818.27	475.59	566.79
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	20	5,360.74	5,185.22	3,514.34
(ii) Trade Payables	21	1,397.33	1,204.73	900.03
(iii) Other Financial Liabilities	22	2,332.89	1,899.95	1,557.23
(b) Other Current Liabilities	23	175.82	227.09	130.70
(c) Provisions	24	214.75	253.60	274.50
(d) Current Tax Liabilities (Net)	25	222.00	54.79	150.50
Total Equity and Liabilities		22,870.39	20,190.68	17,947.71

Significant accounting policies & Notes to

Standalone Financial Statements

In terms of our separate Audit Report of even date

FOR R SOGANI & ASSOCIATES

Chartered Accountants

FRN: 018755C

(BHARAT SONKHIYA)

Partner

M. No. 403023

Place : JAIPUR

Dated: 30.05.2018

1 to 55

For & on behalf of the Board

FOR K G PETROCHEM LTD.

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(SAIED MOHAMMAD)

Company Secretary

M.No. 52869

(MANISH SINGHAL)

Director

DIN: 00120232

(SHIV RATAN SHARMA)

CFO



K G PETROCHEM LIMITED, JAIPUR

CIN: L24117RJ1980PLC001999

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

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Note No.	For the period ended 31.03.2018	For the period ended 31.03.2017
I Revenue From Operations	26	22,727.38	22,645.48
II Other Income	27	630.09	508.65
III Total Income (I + II)		23,357.47	23,154.13
IV EXPENSES			
Cost of Material Consumed	28	11,017.07	12,246.37
Changes in inventory of finished goods	29	439.26	(1,153.01)
Manufacturing expense	30	5,094.38	4,401.87
Employee benefits expense	31	2,319.65	2,596.34
Finance costs	32	521.07	573.02
Depreciation and amortization expense	7	1,554.80	1,426.70
Other expenses	33	1,431.23	1,418.20
Total expenses (IV)		22,377.46	21,509.49
V Profit/(loss) before exceptional items and tax (I- IV)		980.01	1,644.64
VI Exceptional Items	34	-	36.60
VII Profit/(loss) before tax (V-VI)		980.01	1,608.04
VIII Tax expense:			
(1) Current tax		500.00	425.44
(2) Tax of earlier year	35	14.90	-
(2) Deferred tax		(316.38)	180.65
IX Profit (Loss) for the period from continuing operations (VII-VIII)		781.49	1,001.95
X Profit/(loss) for the period		781.49	1,001.95
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
XI (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XII Total Comprehensive Income for theperiod (X+XI)(Comprising Profit(Loss) and Other Comprehensive Income for the period)		781.49	1,001.95
Earnings per equity share (After exceptional items)			
XIII Basic		14.97	19.19
Diluted		14.97	19.19

In terms of our separate Audit Report of even date

FOR R SOGANI & ASSOCIATES

Chartered Accountants

FRN: 018755C

(BHARAT SONKHIYA)

Partner

M. No. 403023

Place : JAIPUR

Dated: 30.05.2018

For & on behalf of the Board

FOR K G PETROCHEM LTD.

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(SAIED MOHAMMAD)

Company Secretary

M.No. 52869

(MANISH SINGHAL)

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CFO



K G PETROCHEM LIMITED, JAIPUR

CIN: L24117RJ1980PLC001999

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

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

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period
581.53	0.00	581.53

B. Other Equity

(Amount in Lakhs)

Particulars	Reserves and Surplus			other comprehensive	Total
	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	
Balance as at April 1, 2016	-	36.47	3,328.89	-	3,365.36
Profit for the year	-	-	1,001.95	-	1,001.95
Reversal of Gain on Fair Valuation of Forward Contract for 01.04.2016	-	-	(71.39)	-	(71.39)
Reversal Of DTA impact of 01.04.2016	-	-	218.45	-	218.45
Balance as at March 31, 2017	-	36.47	4,477.90	-	4,514.37
Balance as at 1st April, 2017	-	36.47	4,477.90	-	4,514.37
Profit for the year	-	-	781.49	-	781.49
Transferred during the year	-	-	46.89	-	46.89
Balance as at March 31, 2018	-	36.47	5,306.28	-	5,342.75

In terms of our separate Audit Report of even date

For & on behalf of the Board

FOR R SOGANI & ASSOCIATES

FOR K G PETROCHEM LTD.

Chartered Accountants

FRN: 018755C

(BHARAT SONKHIYA)

Partner

M. No. 403023

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(MANISH SINGHAL)

Director

DIN: 00120232

(SAIED MOHAMMAD)

Company Secretary

M.No. 52869

(SHIV RATAN SHARMA)

CFO

Place : JAIPUR

Dated: 30.05.2018



KG PETROCHEM LIMITED
CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013
Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2018

(Amount in Lakhs)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	2017-18		2016-17	
	DETAILS	AMOUNT	DETAILS	AMOUNT
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before exceptional and tax as Statement Profit & Loss (Increase in Reserves)	980.01		1,644.63	
Adjusted for :-				
Transfer from Reserves	46.89			
Finance Cost	521.07		573.02	
Interest received	(163.49)		(120.07)	
Reversal of Gain on Fair Valuation of Forward Contract	-		(71.38)	
Loss/(Profit) on Sale/written off of Fixed Assets	-		(1.44)	
Depreciation	1,554.80		1,426.71	
Operating Profit before Working Capital Changes	2,939.28		3,451.47	
Adjusted for:-				
Increase /(Decrease) in Trade Payables	192.60		304.70	
Increase /(Decrease) in Borrowings	175.52		1,670.87	
Increase /(Decrease) in Other financial liabilities	432.96		342.74	
Increase /(Decrease) in Other current liabilities	(51.28)		96.39	
Increase /(Decrease) in Other Non-current liabilities	342.68		(91.20)	
Increase /(Decrease) in Provisions (except IT)	(53.74)		(20.90)	
Increase /(Decrease) in Current Tax Liabilities (Net)	(54.79)		(179.50)	
(Increase)/Decrease in Inventory	858.76		(1,396.49)	
(Increase)/Decrease in Trade receivables	(1,434.26)		(845.80)	
(Increase)/Decrease in Others current financial assets	47.56		(7.57)	
(Increase)/Decrease in Other current assets	(726.77)		(282.96)	
(Increase) / Decrease in Non current Financial Assets	31.58		0.98	
(Increase) / Decrease in Non current Assets	(1.95)		4.00	
Cash Generated From Operations	2,698.15		3,046.73	
Net Cash used in Operating Activities Before Extraordinary Items	2,698.15		3,046.73	
Cash Generated From Operations	2,698.15		3,046.73	
Less:- Taxes Paid	(278.00)		(341.65)	
Net Cash Flow/(used)From Operating Activities		2,420.15		2,705.08
B) CASH FLOW FROM INVESTING ACTIVITIES				
(Increase) / Decrease in Long Term Loans & Advances				
Purchase of Fixed Assets	(302.25)		(610.33)	
(Increase)/decrease to CWIP	(3,197.86)		(74.59)	
Proceeds From Sales/written off of Fixed Assets	-		3.76	
Interest received	163.49		120.07	
Net Cash Flow/(used) in Investing Activities		(3,336.60)		(561.09)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Procurement of Borrowings	946.88			
Repayment of Borrowings			(1,075.12)	
Capital Subsidy under TUF				
Interest paid	(521.07)		(573.02)	
Net Cash Flow/(used) From Financing Activities		425.81		(1,648.14)
Net Increase/(Decrease) in Cash and Cash Equivalent		(490.64)		495.85
Opening balance of Cash and Cash Equivalent		507.47		11.62
Closing balance of Cash and Cash Equivalent		16.83		507.47

Notes:

1 Cash and Cash Equivalent consists of following:-

	Rs.	Rs.
Cash on hand	3.06	9.29
Balances with Banks	13.77	498.18
Closing balance of Cash and Cash Equivalent	16.83	507.47

2 Cash Flow has been prepared under indirect method as set out in IND AS-7

3 Previous Year's figures have been recasted/regrouped, wherever necessary, to confirm to the current years' In terms of our separate Audit Report of even date

For & on behalf of the Board

FOR R SOGANI & ASSOCIATES

Chartered Accountants

FRN: 018755C

(BHARAT SONKHIYA)

Partner

M. No. 403023

Place : JAIPUR

Dated: 30.05.2018

(G. S. KANDOI)

Chairman Cum Managing Director

DIN: 00120330

(SAIED MOHAMMAD)

Company Secretary

M.No. 52869

FOR K G PETROCHEM LTD.

(MANISH SINGHAL)

Director

DIN: 00120232

(SHIV RATAN SHARMA)

CFO



1 COMPANY OVERVIEW

KG Petrochem Private Limited is a listed company incorporated on 29.2.1980 under Companies Act, 1956. 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. The registered office of the Company is located at C-171, ROAD NO.9J, V.K.I.AREA, JAIPUR RJ 302013.

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, readymade garment like bathrobes, babyhood towels, pillows etc. in the domestic and international market.
- (ii) Agency Division : Consignment Stockiest of GAIL (India) Ltd. for marketing and distribution of polymers in Rajasthan and
- (iii) Technical Textile Division : Manufacturing of artificial leather through technical textile

SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

2 BASIS OF PREPARATION

- 2.1 Ministry of corporate affairs has notified roadmap to implement IND AS notified under Companies (Indian Accounting Standard) Rules 2015 as amended by the Companies (Indian Accounting Standard) Rules 2016. And according to the said roadmap the company is required to apply IND AS in preparation of financial statement from the financial year beginning from 1st April 2017.
- 2.2 The Company has prepared its financial statements as per the IND AS for the financial year beginning on April 1, 2016 as the date of transition. These are the Company's first annual financial statements prepared complying in all material respects with the IND AS notified by Ministry of Company Affairs ("MCA").
- 2.3 The reconciliation of effects of the transition from Indian GAAP on the equity as at April 1, 2016 and March 31, 2017 and on the total comprehensive income for the year ended March 31, 2017 is disclosed in Notes to these financial statements. The financial statements have been prepared considering all IND AS as notified by MCA till the reporting date i.e. March 31, 2018. The standalone financial statements provide comparative information in respect of the previous year. In addition, the company presents its Balance Sheet as at the beginning of the previous year, which is the transition date to IND AS. i.e. April 1, 2016
- 2.4 The significant accounting policies used in preparing the financial statements are set out in Notes to the Standalone Financial Statements.
- 2.5 The preparation of the financial statements requires management to make estimates, judgements and assumptions. Actual results could vary from these estimates. The estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Notes on critical accounting estimates, assumptions and judgements). The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.
- 2.6 Amounts in these financial statements have, unless otherwise indicated, have been rounded off to 'rupees in lakhs' upto two decimal points.

3 STATEMENT OF COMPLIANCE

The financial statements comprising of the Balance Sheet, Statement of Profit and Loss, Statement of changes in equity, Statement of Cash Flow together with notes comprising a summary of Significant Accounting Policies and Other Explanatory Information for the year ended 31st March 2018 and comparative information in respect of the preceding period and Balance Sheet as on transition date, i.e. 1st April 2016 have been prepared in all material aspects in accordance with IND AS as notified and duly approved by the Board of Directors, along with proper explanation for material departures.

4 ACCOUNTING POLICIES

4.1 **Basis of Measurement**

The standalone financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- a Financial assets and liabilities except certain those carried at amortised cost
- b Assets held for sale – measured at carrying amount or fair value less cost of disposal, whichever is less
- c Defined benefit plans – Plan assets measured at fair value

The standalone financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency.

4.2 **Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- (a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- (b) Held primarily for the purpose of trading,
- (c) Expected to be realised within twelve months after the reporting period, or
- (d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current\

A liability is classified as current when it is:

- (a) Expected to be settled in normal operating cycle,
- (b) Held primarily for the purpose of trading,
- (c) Due to be settled within twelve months after the reporting period, or
- (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 **Inventories**

- a Finished goods:

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a portion of manufacturing overhead based on normal operating capacity. 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.

- b Stores & Spares:

Raw materials, components, stores and spares and work-in progress are valued at cost. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares is determined on FIFO basis.

Capital spares that qualifies the criteria of property, plant and equipment are recognised as PPE. Accordingly the company has capitalized spares having useful life of more than 12 months and corresponding depreciation is charged on them.

4.4 **Statement of cash flows**

Cash flows are reported using the method as prescribed in IND AS 7 'Statement of Cash flows', 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.

4.5 Prior period Errors

- a Prior period errors include omissions and misstatements arising from a failure to use reliable information that was available or could have been obtained when financial statements for those periods were approved for issue.
- b Prior period errors relating to the last comparative period will be shown by restating the comparative figures of Balance sheet and Profit and loss, wherever necessary. Thus, it will be disclosed in the comparative financial statements as if the error had not even occurred. And if the error relates to earlier financial years (FY 15-16 or before), then it will be adjusted from the asset/liability and retained earnings of the last comparative period shown (FY 16-17)

4.6 Revenue recognition and other income

- a Revenue on sale of products

The Company recognise revenues on accrual basis and measured it at the fair value of the consideration received or receivable, net of discounts, volume rebates, GST. Revenue is shown inclusive of excise duty since excise duty is liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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.

No significant financing component exists in the sales.

Other operating revenue - Export incentives under various schemes are accounted in the year of export.

Other income

- a Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- b Dividend

Dividend income is recognized when the right to receive dividend is established.

4.7 Property, Plant and Equipment

Property, plant and equipment are tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one period.

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Initial recognition: The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016

as the deemed cost under IND AS. Hence regarded thereafter as historical cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring

the site on which it is located.

Subsequent expenses and recognition: Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

PPE costing up to Rs 5,000 each are fully depreciated in the year of purchase/installation.

Depreciation: Property, Plant and Equipments except free hold land is depreciated on Straight Line Method in the manner prescribed in Schedule II to the Companies Act, 2013.

Useful life considered for calculation of depreciation for various assets class are as follows:

Asset Class	Useful Life
Staff & Labour Quarters	60 years
Factory building	30 years
Plant & Machinery	15 years
Weighing Scale	15 years
Misc. Asset	5 years
Lab Equipment	10 years
Elec & Water Fitting	10 years
DG Set	15 years
Weighbridge	15 years
Furniture & Fixtures	10 years
Vehicles	8 years
Office Equipement	5 years
Computer	3 years
IT Equipments	6 years
Office Building	60 years
Canteen Appliances	5 years
Stores & Spares	3 years

Capital work in progress

The expenses relating to the construction of building is capitalised at the time when they are incurred. And when the asset would be completed, the same shall be transferred to asset a/c.

In case of Plant and Machinery, the amount of CWIP shall be transferred to asset a/ c at the time when the plant would be used for production.

4.8 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the relevant lease term other than where the rentals are structured solely to increase in line with expected general inflation to compensate for the increase in lessor's expected inflationary cost, such increase is recognised in the year in which such benefits accrue. In the event that lease premiums are paid to enter into operating leases, such premiums are recognised as a prepaid expenditure and amortised over the period of lease.

As per AS10, Leasehold land was recognised as Fixed Asset and amortised over the lease period. However , as per IND AS 17, it has to be recognised 'Prepaid lease rental' under 'Other Non Current assets' and amoritised over the lease period.

Based on independent technical evaluation, the useful life of E.T.P is estimated shorter than prescribed in Schedule II of Companies Act, 2013, which is as under:

Name of Assets

RO Membrane

Other Machinery in ETP/Water Tank

Life Taken

Less than 1 Year

5 years

Gain/loss on disposal: The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

Component accounting: When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major components) and are depreciated over the useful life respectively.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-progress.

4.9 Foreign Currency Transaction

Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.

Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at the year end spot rates and those covered by forward contracts are restated at each reporting date by using forward rate for remaining period prevailing on the reporting date and exchange rate difference was booked. The Exchange rate difference on Forward Contract was charged to Statement of Profit & Loss, since Fair Value Model has been adopted by the Company.

4.10 Government Grants

Government grants related to assets are presented in balance sheet by setting up the grant as deferred income under Non Current Liability and the same is recognised in statement of profit and loss on a systematic basis.

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

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

The Company has received Terminal Excise Duty refund during the year which is recognised as other non current liabilities in the balance sheet and the same is recognised in statement of profit and loss on a systematic basis, since it has been treated as grant related to asset. All Government grants are recognised on accrual basis.

Government Grant related to EPCG is recorded in the books at the time of import in accordance with IND AS -20 and same is amortised in the books of accounts in the ratio of depreciation charged on the respective asset as per IND AS 16.

4.11 Employee retirement benefits

A. 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.

B Post-employment Benefits:-

(a) Defined Contribution Plan: Contribution to superannuation fund is recognised as an expense in the Statement of Profit & Loss as it is incurred. There are no other obligations other than the contribution payable to the respective trust. Eligible employees receive benefits from a provident fund which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

(b) Defined Benefit Plan and Other Long Term Benefits: Retirement benefits in the form of gratuity is

determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date.

Other long term benefits in the form of leave encashment is provided based on the percentages notified by Government guidelines.

- (c) The cost of providing Gratuity, a Defined Benefit plan, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by an independent actuarial valuer at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income in the period in which they arise. Other costs are accounted in statement of profit and loss.

4.12 Borrowing Cost

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.

4.13 Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

4.14 Impairment of assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset exceeds its recoverable amount (i.e. the higher of the fair value less cost to sell and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. Any impairment gain loss is transferred to statement of profit and loss.

4.15 Provisions and contingencies

(A) Provisions

- Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate.
- Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

(B) Contingencies

- Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liabilities is disclosed in the Notes to the Financial Statements.
- Contingent assets are not recognised in the books of the accounts but are disclosed in Board Report. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset and the corresponding income is booked in the Statement of Profit and Loss.

4.16 Taxation

- Income tax expense represents the sum of Current Tax and Deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in Equity or Other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income.
- Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the Income Tax Act 1961. Current tax assets and current tax liabilities are off set and presented as net.
- Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

4.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, Fixed Deposits.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, having maturity less than 3 months

4.18 Financial instruments – initial recognition, subsequent measurement and impairment

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on the judgment of the management for managing those financial assets and the assets' contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes, financial assets are assessed individually.

De-recognition of financial Asset

- A financial asset is primarily derecognised (i.e. removed from the balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

Impairment of financial assets (other than fair value)

- In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

Trade receivables:

- A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss if any.

- Impairment is made for the expected credit losses. The estimated impairment losses are presented as a deduction from the value of trade receivables and the impairment losses are recognised in the Statement of Profit and Loss under "Other expenses".
- Subsequent changes in assessment of impairment are recognised in ECL and the change in impairment losses are recognised in the Statement of Profit and Loss under "Other Expenses".
- Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivables and the amount of the loss is recognised in the Statement of Profit and Loss under "Other Expenses".
- Subsequent recoveries of amounts previously written off are credited to "Other Income".

b Financial liabilities

At initial recognition, all financial liabilities other than those valued at fair value through profit and loss are recognised at fair value less transaction costs that are directly related to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss.

Financial liabilities measured at amortised cost

After initial recognition, interest free Security Deposits and other financial liabilities are valued at Amortised cost using Effective Interest Rate method (EIR Method). The EIR amortisation is included in finance costs in the Statement of Profit and Loss. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as "Other Income" or "Finance Expense".

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

4.19 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognized in the Statement of Profit and Loss. On classification as held for sale the assets are no longer depreciated.

4.20 Segment reporting

The Company identifies primary segments based on nature of products and returns and the internal

organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the managing board in deciding how to allocate resources and in assessing performance.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

- The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectation of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.
- The said estimates are based on the facts and events that existed as at the reporting date, or that which occurred after the date but provide additional evidence about the conditions existing at the reporting date.

(a) Property, plant and equipment

- Management assesses the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

(b) Income taxes

- Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities.
- The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

(c) Contingencies

- Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(d) Impairment of accounts receivable and advances

- Trade receivables carry interest and are stated at their fair value as reduced by appropriate allowances for expected credit losses. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised for the expected credit losses.

(e) Employee benefit expenses

- Actuarial valuation for gratuity, liability of the Company has been done by LIC on the basis of data provided by the management and assumptions used by the LIC. The data so provided and the assumptions used have been disclosed in the notes to accounts.

(f) Capital spares

- Only those capital spares whose have a useful life of more than one year and their cost exceeds Rs. 25,000 have been considered for the purpose of capitalization under property, plant & equipment in the books of account. Further, all such spares are assumed to have a useful life of 36 months.

(g) Discounting of Security deposit, and other long term liabilities

- For majority of the security deposits received, the timing of outflow, as mentioned in the underlying contracts, is not substantially long enough to discount. The treatment would not provide any meaningful information and would have no material impact on the financial statements.

!

!6 EXEMPTIONS CLAIMED

IND AS 101 "First-time adoption of Indian Accounting Standards" allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2016 opening balance sheet.

Following mandatory exceptions to the retrospective application of other IND AS as per Appendix B of IND

AS 101 have been used: –

- a. Derecognition of financial assets and financial liabilities :As permitted by Ind AS 101, the Company has applied the derecognition requirements of financial assets and liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.
- b. Classification and measurement of financial assets :As permitted by Ind AS 101, the Company has applied the Classification and measurement of financial assets criteria as prescribed in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.
- c. Impairment of financial assets : the company has applied the impairment test on financial assets prospectively
- d. Hedge accounting : the company has applied hedge accounting as prescribed in IND AS 109 prospectively

Following exemptions have been availed from other IND AS as per Appendix D of IND AS 101:

- a. Deemed cost for Property, Plant and Equipment (PPE) – Since there is no change in its functional currency on the date of transition to Ind ASs, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the Standalone financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

7A. Property, Plant & Equipment

(Amount in Lakhs)														
Particulars	Lease Hold Land	Factory Building	Staff & Labour Quarters	Plant & Machinery	Weighing Scale	Misc. Asset	Lab Equipment	Elec & Water Fitting	DG Set	Weight - bridge	Furniture & Fixtures	Vehicles	Office Equipment	Computer
Gross Carrying Amount														
As at April 1, 2016	587.75	1,854.50	53.80	12,341.93	0.88	211.71	19.87	373.81	26.79	12.36	92.83	138.01	26.91	40.19
Additions	2.20	67.80	-	443.78	-	10.13	2.40	0.73	-	-	21.50	8.56	6.94	2.94
Disposal	1.86	-	-	-	-	-	-	-	-	-	-	7.16	-	-
TED Adjustment	-	2.72	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	588.09	1,922.30	53.80	12,785.71	0.88	221.84	22.27	374.54	26.79	12.36	114.33	139.41	33.85	43.14
Additions	9.66	-	-	71.04	-	2.88	-	-	-	-	22.86	28.90	14.23	11.74
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	597.75	1,922.30	53.80	12,856.75	0.88	224.73	22.27	374.54	26.79	12.36	137.19	168.31	48.08	54.87
Accumulated Depreciation														
As at April 1, 2016	-	303.40	3.30	5,921.84	0.68	91.97	11.06	157.90	10.83	4.47	50.66	41.04	14.46	32.19
Additions	6.18	61.48	0.86	1,218.17	0.00	36.60	1.65	31.89	2.13	0.99	7.78	18.37	4.47	3.84
Disposals	-	-	-	-	-	-	-	-	-	-	-	6.70	-	-
As at March 31, 2017	6.18	364.88	4.16	7,140.01	0.68	128.57	12.71	189.79	12.96	5.47	58.44	52.71	18.92	36.03
Additions	6.28	63.90	0.86	1,311.00	0.005	31.42	1.66	31.87	2.13	0.99	9.14	20.00	6.24	6.74
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	12.46	428.78	5.02	8,451.00	0.69	159.99	14.37	221.66	15.09	6.46	67.58	72.71	25.16	42.77
Net carrying amount														
As at 01.04.2016	587.75	1,551.10	50.50	6,420.09	0.20	119.74	8.81	215.90	15.96	7.89	42.17	96.97	12.46	8.00
As at 31.03.2017	581.90	1,557.42	49.64	5,645.70	0.19	93.27	9.56	184.75	13.83	6.89	55.89	86.70	14.93	7.10
As at 31.03.2018	585.28	1,493.52	48.78	4,405.74	0.19	64.74	7.90	152.88	11.70	5.90	69.61	95.60	22.92	12.11
ERP (Intangible asset)														
Office Building														
IT Equipments														
Office Appliances														
Carpet														
Stores & Spares														
A.C. Equipments														
Total														

Refer Note no. 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Refer Note no. 47 for information on property, plant and equipment pledged as security by the company

7B CAPITAL WORK IN PROGRESS

Particulars	Amount
As at April 1, 2016	-
As at March 31, 2017	74.59
As at March 31, 2018	3,272.45

(Capital WIP includes building amounting to Rs. 902.24 lakhs and Plant and machinery amounting Rs. 2370.339 lakhs)



8 Other Non-Current Financial Assets				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Security Deposits	85.06	116.65	117.63	
TOTAL	85.06	116.65	117.63	
9 Other Non-current Assets				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Prepaid Expenses (Prepaid Rent)	2.17	2.61	3.02	
Unamortized Transaction fees	17.48	15.09	18.68	
TOTAL	19.65	17.70	21.70	
10 Inventories				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Raw Material	308.10	592.76	259.18	
Work In process	1,061.22	1,464.14	1,040.47	
Finished Goods				
Towel	840.44	875.49	147.45	
Waste	1.26	2.55	1.25	
Stores, Spares and Consumables	362.33	451.30	551.28	
Dyes & Chemicals	205.11	224.51	225.46	
Packing Material	14.04	40.52	29.70	
TOTAL	2,792.50	3,651.26	2,254.79	
(Refer Note 4.3 of accounting policy for valuation policy of inventories)				
11 Trade Receivables				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Trade Receivables	7,342.88	5,898.60	5,062.82	
Receivables from Related Parties	-	10.02	-	
Less: Allowance for doubtful trade receivables	-	-	-	
Total Receivables	7,342.88	5,908.62	5,062.82	
Current portion	7,342.88	5,908.62	5,062.82	
Non- current portion	-	-	-	
Breakup of Security Details				
Secured, considered good	-	-	-	
Unsecured, considered good	7,342.88	5,908.62	5,062.82	
Doubtful	-	-	-	
Total	7,342.88	5,908.62	5,062.82	
Allowance for Doubtful Trade Receivables	-	-	-	
Total Trade Receivables	7,342.88	5,908.62	5,062.82	
12 Cash and Cash Equivalents				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Bank Balances	13.76	498.18	5.01	
Cash on Hand	3.06	9.29	6.61	
TOTAL	16.83	507.47	11.62	
13 Others Current Financial Assets				
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
Forward Contract Account (Fair Valuation)	-	42.50	71.40	
Insurance Claim Receivable	31.23	31.23	-	
Accrued Interest	0.06	5.24	-	
TOTAL	31.29	78.97	71.40	



14 Other Current Assets

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances Given	229.86	295.58	71.09
Prepaid Expenses	16.90	11.16	14.33
Income Tax Refundable	6.57	64.44	78.58
Vat Refundable	12.94	12.94	23.62
GST & Excise & Service Tax Receivable	706.38	2.04	1.35
Excise & Service Tax (Under Protest)	0.78	0.78	0.78
Input Tax Credit	14.88	3.23	2.58
Employee gratuity fund (Net of provision for gratuity)	20.80	9.66	-
Interest Receivable Under TUF Scheme	149.33	152.69	311.27
Incentives receivable (Export)	948.06	810.56	540.78
MAT Credit (as per Provisions of Income Tax Act, 1961)	-	-	104.69
TED Receivable	7.29	1.56	1.99
Interest Subsidy Under Customized Package	46.18	69.44	-
Unamortized Loan Processing Fees	4.52	3.60	3.60
TOTAL	2,164.49	1,437.63	1,154.66

15 Equity Share Capital

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<u>Share Capital</u>			
1 Authorised : 70,00,000 (70,00,000) Equity Shares of Rs.10/- each	700.00	700.00	700.00
2 Issued & Subscribed 63,35,200 (63,35,200) Equity shares of Rs.10 each/-	633.52	633.52	633.52
3 Fully Paid Up 52,21,000 (52,21,000) Equity Shares of Rs.10/-each fully paid Add: Forfeited Equity Shares 11,14,200 (11,14,200) Equity Shares (* figures in bracket are of Previous Year)	522.10 59.43	522.10 59.43	522.10 59.43
TOTAL	581.53	581.53	581.53

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

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

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

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

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

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

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	No of shares	No of shares	No of shares
At the beginning of the year	5,221,000	5,221,000	5,221,000
Add: Issued during the year	-	-	-
Less: Bought Back during the year	-	-	-
At the end of the year	5,221,000	5,221,000	5,221,000

(c) Shares held by each shareholder holding more than 5% of number of shares:

Name of Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Mr. Manish Singhal	1,377,625	26.39%	1,377,625	26.39%
Mr. Gauri Shanker Kandoi	1,428,807	27.37%	1,428,807	27.37%
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%

16 Other Equity

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<u>Reserves and Surplus</u>			
1 General Reserve			
At the beginning of the year	36.47	36.47	36.47
Add; Additions during the year	-	-	-
Less: withdrawals/transfer	-	-	-
Balance at the year end	36.47	36.47	36.47
2 Surplus			
At the beginning of the year	4,477.90	3,328.89	2,573.68
Add; Additions during the year	781.49	1,001.95	755.21
Less: Reversal of Gain on Fair Valuation of Forward Contract for 01.04.2016	-	(71.39)	-
Reversal of DTA for 01.04.2016	-	218.45	-
Add: withdrawals/transfer	46.89	-	-
Balance at the year end	5,306.27	4,477.90	3,328.89
TOTAL	5,342.75	4,514.37	3,365.36

*Capital Reserve: Transferred to Other non current liabilities due to Ind AS 20

17 Non Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Term Loan			
Secured			
From Bank			
State Bank of India			
Term Loan III	428.57	772.57	1,116.57
Term Loan IV	82.54	124.54	166.54
Term Loan V	212.43	265.55	318.67
Term Loan VI	2,746.00	3,098.00	3,450.00
State Bank of India			
Term Loan	1,645.00	1,929.00	2,173.00
HDFC			
Term Loan	2,022.00	-	-
Total	7,136.54	6,189.66	7,224.78
Less : Current maturities of long term borrowings	1,075.12	1,075.12	1,035.12
TOTAL	6,061.42	5,114.54	6,189.66

Nature of Security and terms of repayment for Long

Term secured borrowings:

Nature of Security

- Term loan from bank (**Term Loan III**), balance outstanding amounting to Rs. 428.57 lakhs (March 31, 2017 : Rs. 772.57 lakhs and April 1, 2016 :Rs. 1116.57 lakhs) is secured by pari passu 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. Repayable in 26 quarterly installments starting from January, 2013. Last installment due in April, 2019. Rate of interest 9.65% p.a. as at year end. (March 31, 2017: 10.80% p.a. and April 1, 2016 : 11.05 %p.a.)*
- Term loan from bank (**Term Loan IV**), balance outstanding amounting to Rs. 82.54 lakhs (March 31, 2017 : Rs. 124.54 lakhs and April 1, 2016 :Rs. 166.54 lakhs) is secured by pari passu 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. Repayable in 30 quarterly installments starting from December, 2012. Last installment due in March, 2020. Rate of interest 9.65% .p.a. as at year end. (March 31, 2017: 10.80% p.a. and April 1, 2016 : 11.05% p.a.)*
- Term loan from bank (**Term Loan V**), balance outstanding amounting to Rs. 212.43 lakhs (March 31, 2017 : Rs. 265.55 lakhs and April 1, 2016 :Rs. Repayable in 32 quarterly installments starting from June, 2015. Last installment due in March, 2023. Rate of interest 9.65% .p.a. as at year end. (March 31, 2017: 10.80% p.a. and April 1, 2016 : 11.05%p.a.)*

318.67 lakhs) is secured by pari passu 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.

- iv Term loan from bank **(Term Loan VI)**, balance outstanding amounting to Rs. 2746 lakhs (March 31, 2017 : Rs. 3098.00 lakhs and April 1, 2016 :Rs. 3450.00 lakhs) is secured by pari passu 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.
- v Term loan from bank **(SBI Term Loan)**, balance outstanding amounting to Rs. 1645 lakhs (March 31, 2017 : Rs. 1929.00 lakhs and April 1, 2016 :Rs. 2173.00 lakhs) is secured by pari passu 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.
- vi HDFC Term Loan: First Parri Pasu charge on entire Fixed Assets with SBI and Second Parri Passu charge on entire Current Assets of the company with SBI further personal gurantee of Mr. GS Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.

Repayable in 32 quarterly installments starting from June, 2016. Last installment due in March, 2024. Rate of interest 9.65%.p.a. as at year end. (March 31, 2017: 10.80% p.a. and April 1, 2016 : 11.05%p.a.)*

Repayable in 32 quarterly installments starting from October, 2015. Last installment due in July, 2023. Rate of interest 9.65%.p.a. as at year end. (March 31, 2017: 11.00% p.a. and April 1, 2016 : 10.90% p.a.)*

Repayment Term: 8 years including moratorium of 18 months. Repayment will start from the forth quarter of F.Y. 2018-19. Rate of Interest: 8.95%.

Installments falling due within a year in respect of all the above Loans aggregating 1075.12 lakhs (March 31, 2017 : Rs. 1075.12 lakhs and April 1, 2016 : Rs. 1035.12 lakhs) have been grouped under "Current maturities of long term borrowings" **(Refer Note 20)**

* Rate of Interest is without considering interest subsidy under TUF scheme

18 Deferred tax liabilities (Net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
1 Deferred tax liabilities (Net)	362.89	679.27	717.07
TOTAL	362.89	679.27	717.07

19 Other Non Current Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
1 Government Grants	818.27	475.59	566.79
TOTAL	818.27	475.59	566.79



20 Current Borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Loan payable on demand from Banks : Secured			
1 State Bank of India			
a. Cash Credit Account	-	73.84	58.62
2 State Bank of India-2			
a. Cash Credit Account	357.74	492.70	529.54
b. Packing Credit Limit	4,364.54	4,618.68	2,926.18
3 HDFC			
a. Cash Credit Account	253.08	-	-
b. Packing Credit Limit	385.38	-	-
TOTAL	5,360.74	5,185.22	3,514.34

Loans payable on demand from SBI is secured by parri passu charge way of hypothecation of stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts except receivable of agency division and all current assets of the company.

The loans are further personal guaranteed of Mr. G. S. Kandoi and Mr. Manish Singhal Directors of the company .

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

HDFC CC - The company had taken CC limit from HDFC bank. This CC limit is secured by First Parri Pasu charge on entire Current Assets with SBI and Second Parri Passu charge on entire Fixed Assets of the company with SBI further personal gurantee of Mr. GS Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.

21 Trade Payables

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
For Goods			
Micro, Small & Medium Enterprises*			
Others	1,397.33	1,204.73	900.03
TOTAL	1,397.33	1,204.73	900.03

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

22 Other Current Financial Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of long term borrowings	1,075.12	1,075.12	1,035.12
Liabilities for expenses	578.49	560.09	451.22
Security Deposit	12.97	3.09	12.03
Current Account	610.10	261.65	58.86
Forward Contract (Fair valuation)	53.70	-	-
Unamortized Finance Cost	2.51	-	-
TOTAL	2,332.89	1,899.95	1,557.23

23 Other Current Liabilities

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Statutory Liabilities	53.78	73.58	55.61
Advance from Customers	122.04	153.51	75.09
TOTAL	175.82	227.09	130.70

24 Provisions

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for gratuity (Net of Gratuity Fund)	-	-	10.68
Provision for Leave Encashment	23.47	23.65	44.80
Provision for Bonus	191.28	229.95	219.02
TOTAL	214.75	253.60	274.50

25 Current Tax Liabilities (Net)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Income Tax	500.00	634.91	286.83
Less: Advance Tax	(278.00)	(341.65)	(136.33)
Less: MAT Credit Entitlement	-	(238.47)	-
TOTAL	222.00	54.79	150.50

26 Revenue From Operations

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Sale of products		
Terry Towels (Net)	20,739.79	20,746.98
(b) Sale of Services		
Commission Income	92.76	80.17
Processing Charges	-	9.13
(c) Other operating revenue		
Duty Drawback	820.28	1,389.30
ROSL Scheme	528.85	40.90
Duty Credit Scripts	545.70	379.00
Total	22,727.38	22,645.48

27 Other Income

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Interest		
Other Interest	163.49	120.07
(b) Other non operating revenue		
Foreign Exchange Gain	366.04	249.76
Rental Income	6.57	36.48
Other income	0.52	2.49
Apportioned income from Government Grants (including TED Refund)	4.60	8.47
Sundry Balances written off	1.50	5.89
Excess Provision written off	1.69	-
Sampling Charges	0.23	0.04
Withdrawal from Capital Reserve	85.45	85.45
Total	630.09	508.65

28 Cost of Material Consumed

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Raw Material Consumed		
Opening Stock	592.76	259.18
Add: Purchases of Yarn	8,728.35	9,957.51
Purchase of Dyed Towelling Fabric	167.18	592.73
Freight	0.79	0.04
	9,489.08	10,809.46
Less: Closing Stock	308.10	592.76
	9,180.98	10,216.70
Dyes & Chemicals Consumed		
Opening Stock	224.51	225.46
Add: Purchases	1,810.70	2,016.29
Freight	5.99	8.70
	2,041.20	2,250.45
Less: Closing Stock	205.11	224.51
	1,836.09	2,025.94
Excise Duty	-	3.73
	11,017.07	12,246.37

29 Changes in inventories of Finished Goods & WIP

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Opening Inventories		
Finished Goods (Towel)	875.49	147.45
Work in progress	1,464.14	1,040.47
Saleable Waste	2.55	1.25
	2,342.18	1,189.17
Closing Inventories		
Finished Goods (Towel)	840.44	875.49
Work in progress	1,061.22	1,464.14
Saleable Waste	1.26	2.55
	1,902.92	2,342.18
INCREASE/(DECREASE)	439.26	(1,153.01)

30 Manufacturing expenses

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumable Stores	778.06	794.86
Job Charges	653.36	534.88
Packing Material	475.46	458.45
Power & Fuel	2,431.28	1,961.44
Repairs & Maintenance- Building	56.58	50.02
Repairs & Maintenance- Plant & Machinery	52.82	48.59
Stores & Spares	440.01	414.73
Other Manufacturing Expenses	206.81	138.90
Total	5,094.38	4,401.87

31 Employee benefits expense

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries & Wages	2,121.15	2,283.14
Contribution to Provident Fund	53.54	53.16
Contribution to ESIC	40.23	34.06
Contribution to Gratuity	-	3.42
Staff welfare Expenses	104.73	222.56
Total	2,319.65	2,596.34

32 Financial expense

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest Expenses	419.09	455.12
Other Borrowing Costs	101.98	117.90
Total	521.07	573.02

33 Other expenses

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Insurance	17.47	10.97
Rent	22.53	23.68
Clearing & Forwarding Charges	545.70	462.46
Commission on sale	395.00	481.32
Payment to Auditors	-	-
- As Auditor	0.71	1.20
Miscellaneous Expenses	446.22	434.97
Amortization of Loan Fees	3.60	3.60
Total	1,431.23	1,418.20

34 Exceptional Items

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
ERP Written Off	-	(36.60)
Total	-	(36.60)

35 Income Tax Expenses

Tax expense recognized in the Statement of Profit and Loss

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current Tax		
Current Tax on taxable income for the year (Net of MAT Credit)	500.00	425.44
Total Current Tax expense	500.00	425.44
Deferred Tax		
Deferred Tax charge/(credit)	(316.38)	180.65
Total Deferred Income Tax expense/(benefit)	(316.38)	180.65
Tax in respect of earlier years	14.90	-
Total income tax expense (including previous year)	198.52	606.09

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

36.2 Financial risk factors

The Company's principal financial liabilities comprise of trade payables, borrowings and other liabilities. The main purpose of these financial liabilities is to manage finances for the Company's operations and also for purchase of capital assets and for safeguarding its interests under contracts.

The Company has trade and other receivables and cash and cash equivalents that arise directly from its operations as a part of its financial assets.

The Company's activities expose it to a variety of financial risks:

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices/market interest rates.

(i) Interest rate risks:

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. According to the Company interest rate risk exposure is only for floating rate borrowings which it had taken from HDFC bank rest of the borrowing of the company are fixed rate borrowing which are not subject to market risk.

Exposure to Interest rate risk

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total Borrowings	11,422.16	10,299.76	9,704.00
% of Borrowings out of above bearing variable rate of interest	100.00%	100%	100%

(ii) **Foreign currency risk:**

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total export debtors	5,931.82	4,902.33	4,249.31
Hedged export debtors (Forward contract taken)	5,274.89	0.69	1,619.71
Undedged export debtors	656.93	4,901.64	2,629.61

b. Credit risk

- ! Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.
- ! To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets.
- ! The Company makes major of its export sales, against a security in the nature of Letter of Credit , and hence the credit risk is minimal with regard to export debtors. However the company makes local sales and it is subject to credit risk the company manages this risk by recognising 100 % expected credit loss on debtors outstanding for more than 36 months.

The ageing of trade receivables as on 31st March 2018 is as below:

(In Lac)

Particulars	Due upto 36 Months	Due for more than 36 Months	Total
Good	7342.88	-	7342.88
Doubtful	-	-	-
Others	-	-	-
Gross	-	-	-
Expected Credit Losses	-	-	-

The ageing of trade receivables as on 31st March 2017 is as below:

(In Lac)

Particulars	Due upto 36 Months	Due for more than 36 Months	Total
Good	5908.62	-	5908.62
Doubtful	-	-	-
Others	-	-	-
Gross	5908.62	-	5908.62
Expected Credit Losses	-	-	-

c. Liquidity risk

- ! Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.
- ! The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash requirements. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.

37 Fair Value Measurement

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

2. IND AS 101 allows Company to fair value its property, plant and machinery on transition to IND AS, the Company has fair valued property, plant and equipment, and the fair valuation is based on deemed cost approach where the existing carrying amounts are treated as fair values.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate.

In case of security deposits, Company has used the fixed deposit rate of the year of making advance.

They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For other financial assets and liabilities that are measured at amortised cost, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices / published NVA (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value (NAV) is published mutual fund operators at the balance sheet date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(Amount in Rs. Lakhs)

Particulars	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets designated at amortised cost						
Trade Receivables	7,342.88	7,342.88	5,908.62	5,908.62	5,062.82	5,062.82
Cash & Cash Equivalents	16.83	16.83	507.47	507.47	11.62	11.62
Other Financial Assets	116.35	116.35	153.12	153.12	117.63	117.63

Particulars	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets designated at fair value through other comprehensive income	-	-	-	-	-	-

Particulars	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets designated at fair value through profit and loss						
Forward Contracts	-	-	42.50	42.50	71.40	71.40

Particulars	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities designated at amortised cost						
Borrowings (Non-Current and Current)	11,422.16	11,422.16	10,299.76	10,299.76	9,704.00	9,704.00
Trade Payables	1,397.33	1,397.33	1,204.73	1,204.73	900.03	900.03
Other Financial Liabilities	2,279.18	2,279.18	1,899.95	1,899.95	1,557.23	1,557.23

Particulars	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities designated at fair value through profit and loss	53.70	53.70	-	-	-	-

38 FAIR VALUE HEIRARCHY

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- a Quoted prices/published NAV (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date.
- b Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market (for example, interest free security deposits) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- c Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



Fair Value of Financial Assets and Financial Liabilities accounted for in the Standalone Financial Statements as on the reporting date of the entity

(In Lac)

As at 31st March 2018			
Particulars	Level 1	Level 2	Level 3
Financial Assets			
Trade Receivables	-	-	7,342.88
Cash & Cash Equivalents	-	-	16.83
Other Financial Assets	-	-	116.35
Financial Liabilities			
Borrowings (Non-Current and Current)	-	-	11,422.16
Trade Payables	-	-	1,397.33
Other Financial Liabilities	-	-	2,279.18
Forward Contracts	53.70	-	-

As at 31st March 2017			
Particulars	Level 1	Level 2	Level 3
Financial Assets			
Trade Receivables	-	-	5,908.62
Cash & Cash Equivalents	-	-	507.47
Other Financial Assets	-	-	153.12
Forward Contracts	42.50	-	-
Financial Liabilities			
Borrowings (Non-Current and Current)	-	-	10,299.76
Trade Payables	-	-	1,204.73
Other Financial Liabilities	-	-	1,899.95

As at 1 st April 2016			
Particulars	Level 1	Level 2	Level 3
Financial Assets			
Trade Receivables	-	-	5,062.82
Cash & Cash Equivalents	-	-	11.62
Other Financial Assets	-	-	117.63
Forward Contracts	71.40	-	-
Financial Liabilities			
Borrowings (Non-Current and Current)	-	-	9,704.00
Trade Payables	-	-	900.03
Other Financial Liabilities	-	-	1,557.23



During the year ended March 31, 2018 and March 31, 2017, there were no transfer into and out of Level 1 fair value measurements.

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2018 and March 31, 2017, respectively:

Particulars	Fair Value Hierarchy	Valuation Technique	Inputs Used
Financial Assets			
Forward Contracts	Level 1	Quoted prices	

39. CAPITAL RISK MANAGEMENT

Objective

The primary objective of the Company's capital management is to maximize the shareholder value. i.e. to provide maximum returns to the shareholders. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns to the shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2018 and March 31, 2017.

Policy

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the rules and regulations framed by the Government.

Process

The Company manage its capital by maintaining sound/optimal capital structure financial ratios, such as net debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. Debt-to-equity ratio as of March 31, 2018, March 31, 2017 and April 1, 2016 is as follows:

(Amount in lakhs)

Particulars	As on 31st March 2018	As on 31st March 2017	As on 1st April 2016
Total debt	6,061.42	5,114.54	6,189.66
Total equity	5,924.29	5,095.90	3,946.89
Ratio	1.02	1.00	1.57

40 PROVISIONS

Movement in each class of provision during the financial year are provided below:

(Amount in lakhs)

Particulars	Provision for Bonus	Provision for Gratuity	Provision for Leave encashment	Provision for Taxation
As at 1st April 2016	219.02	91.11	44.80	286.83
Addition during the year	229.43	3.42	-	559.22
Actual Benefits Paid	(218.49)	(0.45)	(21.15)	(791.26)
As at 31 st March 2017	229.96	94.09	23.65	54.79
Excess provision reversed	-	(1.69)	-	-
Addition during the year	191.28	-	11	500
Actual Benefits Paid/Utilized	(229.96)	(6.57)	(11.09)	(54.79)
As at 31 st March 2018	191.28	85.82	23.47	500.00



Effective Tax Reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	Provision for Bonus	Provision for Gratuity	Provision for Leave encashment	Provision for Taxation
As at 31st March 2017				
Current	229.96	-	23.65	54.79
Non Current	-	94.09	-	-
	229.96	94.09	23.65	54.79
As at 31st March 2018				
Current	191.28	-	23.47	500.00
Non Current	-	85.82	-	-
	191.28	85.82	23.47	500.00

41 INCOME TAX EXPENSE

(Amount in lakhs)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Current Tax	500.00	425.44
Deferred Tax	(316.38)	180.65
Tax in respect of earlier years	14.90	-
Total tax expense (For Current year)	198.52	606.09



(Amount in lakhs)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Profit as per AS	980.01	1614.49
Ind AS Adjustments (before tax)	-	(6.45)
Net Income before taxes	980.01	1608.04
Applicable Tax Rate	34.61%	34.61%
Computed Tax Expense	339.16	556.51
Increase/decrease in taxes on account of :		
Non deductible expenses	560.30	591.91
Additional expense deductible under income tax act	(2.78)	(2.78)
Income not taxable	(402.26)	(514.30)
Income tax on income chargeable under other head	1.59	8.84
Computed Income Tax Expense	496.02	640.18
Income Tax Expense Reported	496.02	640.18

For the year ended 31st March 2016, Ind AS Adjustments amounting to Rs.6.39 Lac have been made in the Statement of Profit and Loss. On this amount, income tax expense amounting to Rs.2.21 Lac has been adjusted to reconcile the Income Tax expense with the computed amount.

Deferred Tax Assets (Liabilities)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(Amount in lakhs)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
<u>Deferred Tax Asset</u>		
Provision for Leave Encashment	8.12	8.18
Goodwork Incentive	0.53	-
Government Grant	151.31	-
Unamortised Finance Cost	0.87	-
Provision for Bonus	66.20	79.58
	227.03	87.77
<u>Deferred Tax Liability</u>		
Forward Contract Account (Gain on Fair Valuation)	-	(14.71)
Insurance Claim Receivable	-	(10.81)
Property, Plant and Equipment	(582.31)	(757.75)
Unamortized transaction cost	(7.61)	-
Trade receivables	-	16.23
	(589.92)	(767.04)
Net Deferred Tax Asset(Liability)	(362.89)	(679.27)

42 Related Party Transactions

In accordance with the requirements of IND AS 24, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are reported as under:

(i) Related party name and relationship

(a) Executive Directors:

Particulars	Designation
Shri Ramesh Chand Maheshwari	Executive Director
Shri G S Kandoi	Chairman & Managing Director
Shri Manish Singhal	Executive Director

(b) Relatives of Key Managerial Persons with whom transactions have taken place:

Particulars	Relation
Smt. Savitri Kandoi	Wife of Shri G.S.Kandoi
Shri Vivek Singhal	Son of Shri G.S. Kandoi

(c) Non Executive Directors, KMP and Enterprises Over which they are able to exercise significant influence (With whom transaction have taken place):

Particulars	Designation
Shri Rameshwar Pareek	Non Executive Director
Shri Kamlesh Sharma	Non Executive Director
Shri Radhey Shyam Gemini	Non Executive Director
Shri Raj Kumar Agarwal	Non Executive Director
Smt. Prity Singhal	Non Executive Director
Shiv Ratan Sharma	Chief Financial Officer
M/s B I Enterprises Pvt. Ltd.	Related Concern
M/s Chrome International Co. Ltd.	Related Concern

(ii) Transactions Carried Out With Related Parties referred in point 1 above in ordinary course of Business (Amount in lakhs)

Nature of Transactions	Related Parties		
	Referred to in 1(a) above	Referred to in 1(b) above	Referred to in 1(c) above
Purchases			
Goods & Material	-	-	1,548.47
Sales			
Goods & Material & Services	-	-	325.50
Short term Employee Benefit Expenses	153.13	25.50	27.81
Interest Paid	10.38	0.55	9.98
Rent Expense	-	-	17.92
Other Reimbursements	-	0.05	-

Nature of Transactions	Related Parties		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Outstandings			
Payable (Trade Payables and other Liabilities)			
Key Management Personnel	614.67	263.83	51.78
Relatives of Key Managerial Personnel	4.89	316.05	257.02
End of the year	619.56	579.88	308.80
		-	-
Executive Directors Compensation			
(a) Short term Employee Benefits	153.13	124.00	96.00
Total Compensation	153.13	124.00	96.00

43 CONTINGENT LIABILITIES

(Amount In lakhs)

S.No.	Particulars	As at March 31,2018	As at March 31,2017	As at April 1, 2016
	(I) Contingent Liabilities			
(i)	Bank Guarantees	427.00	420.00	370.00
(ii)	Civil suit	13.76	-	-
	TOTAL	440.76	420.00	370.00

44 CAPITAL COMMITMENTS

(Amount In lakhs)

S.No.	Particulars	As at March 31,2018	As at March 31,2017	As at April 1, 2016
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	318.78	800.00	-
	TOTAL	318.78	800.00	-

45 **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.

POST RETIREMENT BENEFIT PLANS

Defined Contribution Plan:

Contribution to superannuation fund is recognised as an expense in the Statement of Profit & Loss as it is incurred. There are no other obligations other than the contribution payable to the respective trust. Eligible employees receive benefits from a provident fund which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Defined Benefits Plan

(i) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of



gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Actuarial Valuation

(Amount In lakhs)

Particulars	Current Year	Previous Year
PV of Past Service Benefit	77.25	59.15
Current Service Cost	29.48	34.94
Total Service Gratuity	876.92	1,181.77
Accrued Gratuity	85.82	72.37
LCSA	636.31	1,039.23
LC Premium	1.20	1.79
Service Tax/GST	0.22	0.27

Recommended Contribution Rate

(Amount In lakhs)

Particulars	Amount (Rs.)	Amount (Rs.)
Fund Value as on renewal date/Initial	106.62	103.68
Additional Contribution for existing fund	-	-
Current Service Cost	19.00	8.31
Total Amount Payable	20.42	10.37

Actuarial Assumptions

Particulars	Amount (Rs.)	Amount (Rs.)
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Withdrawal Rate	1% to 3% depending on	1% to 3% depending on
Discount Rate	7.5% p.a.	8% p.a.
Salary Escalation	7%	7%

46Disclosures required under Ind AS 108

In accordance with Accounting Standard Ind AS 108 'Operating Segment', segment information has been given as follows:

Operating Segments:

- Textile Division :-Manufacturing and marketing of terry towels, made-ups, readymade garment like bathrobes, babyhood towels, pillows etc. in the domestic and inter- national market.
- Agency Division : Consignment Stockiest of GAIL (India) Ltd. for marketing and distribution of polymers in Rajasthan and
- Technichal Textile Division : Manufacturing of artificial leather through technical textile

Identification of Segments:

The Managing board monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as others

Segment assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as others

(Amount In lakhs)						
Particulars	Textile		Technical Textile		Others	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1 Segment Revenue						
Sales and other revenue	20,739.79	20,756.11	-	-	92.77	80.17
Other Operating Income	1,894.82	1,809.19	-	-	-	-
Interest Income	4.30	7.14	0.06	-	159.13	112.56
Other Income	440.76	352.93	17.25	-	8.59	36.04
Total Revenue	23,079.67	22,925.37	17.31	-	260.49	228.77
2 Segment Results						
Profit before interest, depreciation & tax	2,922.21	3,469.48	-12.38	-	146.05	138.31
Interest Expenses	404.77	525.54	45.40	-	70.90	47.47
Depreciation & Amortization	1,532.57	1,404.81	2.21	-	20.02	21.90
Provision for tax	-	-	-	-	198.52	606.09
Profit/(Loss) after tax	984.87	1,539.12	(60.00)	-	(143.38)	(537.16)
3 Other Information						
a Segment Assets	16,731.47	18,633.28	3,767.75	217.34	2,371.19	1,340.05
Total Assets	16,731.47	18,633.28	3,767.75	217.34	2,371.19	1,340.05
b Segment Liabilities	10,782.42	13,583.38	3,826.50	39.88	2,337.22	1,471.51
Total Liabilities	10,782.42	13,583.38	3,826.50	39.88	2,337.22	1,471.51
					22,870.39	20,190.68
					22,870.39	20,190.68
					16,946.13	15,094.78
					16,946.13	15,094.78





47 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets Pledged as security for current and non-current borrowings are:

(Amount In lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current Assets			
Financial Assets			
Floating Charge	-	-	-
Cash & Cash Equivalents	16.83	507.47	11.62
Receivables	7,342.88	5,908.62	5,062.82
Fixed Deposit lien by bank against term loan	-	-	-
Short Term Loans & advances	229.86	295.58	71.09
Non Financial Assets			
Floating Charge	-	-	-
Inventories	2,792.50	3,651.26	2,254.79
Other Current Assets	2,164.49	1,437.63	1,154.66
Total Current assets Pledged as security	12,546.56	11,800.56	8,554.99
Non Current Assets			
First Charge			
Land	585.28	581.90	587.75
Building	1,493.52	1,557.42	1,551.10
Furniture, fittings and equipment	69.61	55.89	42.17
Plant and Machinery including Store & Spares	4,566.68	5,728.14	6,484.23
Fixed Deposit lien by bank against term loan	-	-	-
Others	-	452.63	568.31
Total non-current assets Pledged as security	6,715.09	8,375.98	9,233.56
Total assets Pledged as security	19,261.65	20,176.54	17,788.54

48 EARNINGS PER SHARE

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

(in number)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Issued number equity shares	5,221,000	5,221,000
Potential Equity Shares	-	-
Weighted average shares outstanding - Basic and Diluted	5,221,000	5,221,000

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:



(Amount In lakhs)		
Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Profit and loss after tax	781.50	1,001.95
Profit and loss after tax for EPS	781.50	1,001.95
Basic Earnings per share (in Rs.)	14.97	19.19
Diluted Earnings per share (in Rs.)	14.97	19.19

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

49 INVESTMENT PROPERTY

*The company has given on rent a portion of its factory building situated at _C-171, Road No. 9J, VKI however the portion given on rent is insignificant and major portion of the factory is used in manufacturing activities hence the company has not recognised sepretly such poriton as an investment property by taking of the view given in para 10 of IND AS 37 "**Investment Property**"

50 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE:

(Amount In lakhs)		
Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Amount required to be spent as per Section 135 of the Act	21.19	16.54
Amount spent during the year on:	17.06	25.94

51 Financial and Derivatives Instruments

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



Outstanding forward exchange financial instruments entered into by the company as on 31.3.2018 is as under:

(Amount in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
No. of contracts	18	2
US Dollar	8,000,000	1,000,000
EURO	70,000	-
INR equivalent	5,274.89	691.00

Value of Imports on CIF basis:-

(Amount in lakhs)

Particular	As at 31st March, 2018	As at 31st March, 2017
Spare parts & consumables	222.41	293.69
Capital Goods	1,571.05	16.06

Value of Raw Material, Components, & Spare Parts consumed

(Amount in lakhs)

Particular	As at 31st March, 2018		As at 31st March, 2017	
	Amount	%	Amount	%
Raw material				
Imported	-	-	-	-
Indigenous	11,017.07	100.00	12,246.37	100.00
Spare parts				
Imported	192.86	15.53	39.20	21.83
Indigenous	1,048.88	84.47	140.40	78.17

Expenses in foreign currency

(Amount in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Travelling	3.92	20.64
Commission	235.02	368.86
Marketing/ Exhibition Exp.	3.29	2.82
Misc. Exp.	-	8.65
Testing Fee	5.35	11.87

Earning in Foreign Currency

(Amount in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Export of Goods on FOB Basis	18,897.23	18,870.78



52 FIRST TIME IND AS ADOPTION RECONCILIATIONS

Effect of Ind AS adoption on the Standalone Balance Sheet as at March 31, 2017 and April 1, 2016

Particulars	Note No.	As on March 31, 2017 (GAAP)	Effect of transition to Ind AS	As on March 31, 2017 (IND AS)	As on March 31, 2016 (GAAP)	Effect of transition to Ind AS	As on April 1, 2016 (IND AS)
(1) ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	A	8,394.91	2.88	8,397.79	9,174.13	78.96	9,253.09
(b) Capital WIP		74.59	-	74.59	-	-	-
(c) Financial Assets							
(i) Others financial assets	B(i)	119.67	(3.02)	116.65	121.02	(3.39)	117.63
(d) Other non-current assets	B(i), (ii)	-	17.70	17.70	-	21.70	21.70
(2) Current assets							
(a) Inventories	A(i)	3,651.26	-	3,651.26	2,318.93	(64.14)	2,254.79
(b) Financial Assets							
(i) Trade receivables	B(iii)	5,955.51	(46.89)	5,908.62	5,109.71	(46.89)	5,062.82
(ii) Cash and cash equivalents		507.47	-	507.47	11.62	-	11.62
(iii) Loans		-	-	-	-	-	-
(iv) Others current financial assets	B(iii)	36.47	42.50	78.97	-	71.40	71.40
(c) Other current assets	B(i), (ii), (iii) & C(i)	2,218.72	(781.09)	1,437.63	1,231.12	(76.46)	1,154.66
Total Assets		20,958.60	(767.92)	20,190.68	17,966.53	(18.82)	17,947.71
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital		581.53	-	581.53	581.53	-	581.53
(b) Other Equity		4,899.16	(384.79)	4,514.37	4,088.99	(723.63)	3,365.36
LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		5,114.54	-	5,114.54	6,189.66	-	6,189.66
(b) Deferred tax liabilities (Net)	D	792.06	(112.79)	679.27	498.62	218.45	717.07
(c) Other Non Current Liabilities	A(iii)	-	475.59	475.59	-	566.79	566.79
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		5,185.22	-	5,185.22	3,514.35	-	3,514.35
(ii) Trade payables		1,204.73	-	1,204.73	900.03	-	900.03
(iii) Other financial liabilities		2,645.88	(745.93)	1,899.95	1,557.22	-	1,557.22
(b) Other current liabilities		227.09	-	227.09	130.70	-	130.70
(c) Provisions		253.60	-	253.60	354.93	(80.43)	274.50
(d) Current Tax Liabilities (Net)		54.79	-	54.79	150.50	-	150.50
Total Equity and Liabilities		20,958.60	(767.92)	20,190.68	17,966.53	(18.82)	17,947.71



53. FIRST TIME IND AS ADOPTION RECONCILIATIONS

Effect of Ind AS adoption on the Standalone statement of profit and loss for the year ended March 31, 2017

Particulars	Note No.	Year ended 31st March, 2017 (GAAP)	Adjustments	Year ended 31st March, 2017 (IND AS)
I Revenue From Operations	E	22,641.75	3.73	22,645.48
II Other Income	A(i), A(iii) & B(iii)	411.03	97.62	508.65
III Total Income (I+II)		23,052.78	101.35	23,154.13
IV EXPENSES				
Cost of Material Consumed	F	12,269.30	-22.93	12,246.37
Changes in inventory of finished goods		(1,153.01)	-	-1,153.01
Manufacturing expense		4,401.87	-	4,401.87
Employee benefits expense		2,596.34	-	2,596.34
Finance costs	F	546.36	26.66	573.02
Depreciation and amortization expense	A(i), A(iii)	1,412.05	14.65	1,426.70
Other expenses	E	1,414.23	3.97	1,418.20
Total expenses (IV)		21,487.14	22.35	21,509.49
V Profit/(loss) before exceptional items and tax (I- IV)		1,565.64	79.00	1,644.64
Withdrawal from Capital Reserve		85.45	(85.45)	-
VI Exceptional Items		(36.60)	-	(36.60)
VII Profit/(loss) before tax (V-VI)		1,614.49	(6.45)	1,608.04
Tax expense:				
VIII (1) Current tax		425.44	-	425.44
(2) Deferred tax	D	293.44	(112.79)	180.65
IX Profit (Loss) for the period from continuing operations (VII-VIII)		895.61	106.34	1,001.95
X Profit/(loss) for the period		895.61	106.34	1,001.95
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss				
(ii) Income tax relating to items that will not be reclassified to profit or loss				
(i) Items that will be reclassified to profit or loss				
(ii) Income tax relating to items that will be reclassified to profit or loss				
XII Total Comprehensive Income for the period (X+XI)(Comprising Profit(Loss) and Other Comprehensive Income for the period)		895.61	106.34	1,001.95
Earnings per equity share (After exceptional items)				
XIII Basic		17.15		19.19
Diluted		17.15		19.19

54. Reconciliation of Total Comprehensive Income

Particulars	Amount
Profit as per GAAP	895.61
Adjustments	
Apportionment of TED refund	8.47
Increase in depreciation expense	(14.65)
Amortization of loan fees	(3.60)
Gain on Fair Valuation of Forward Contract	42.50
Foreign Exchange Gain	(39.17)
Deffered tax impact	112.79
Total adjustments	106.34
Profit as per IND AS	1,001.95

Reconciliation of Other Equity

Particulars	Capital Reserve	General Reserve	Surplus	Total
Equity as on 31.03.2017 (As per GAAP)	466.52	36.47	4,396.17	4,899.16
Less: Government Grant	(466.52)	-	-	(466.52)
Less: Exchange Difference on Trade Receivables	-	-	(46.89)	(46.89)
Less: Amortization of Leasehold Land	-	-	(6.18)	(6.18)
Less: Reversal of Gain on Forward Contract as per IGAAP	-	-	(39.17)	(39.17)
Less: Depreciation on TED	-	-	(8.47)	-
Less: Reversal of Gain on Forward Contract	-	-	-	-
Add: Gain on Fair Valuation of Forward Contract	-	-	42.50	42.50
Add: Loan fee valued at amortised cost (Net)	-	-	18.68	18.68
Add: Reversal of Deferred Tax Liability	-	-	112.79	112.79
Add: Amortization of TED Refund	-	-	8.47	-
Add: Reversal of creation of Deferred Tax Liability	-	-	-	-
Total IND AS adjustments upto	(466.52)	-	81.73	(384.79)
Equity as on 31.03.2017 (As per IND AS)	-	36.47	4,477.90	4,514.37

Reconciliation of Other Equity

Particulars	Capital Reserve	General Reserve	Surplus	Total
Equity as on 31.03.2016 (As per Previous GAAP)	551.96	36.47	3,500.56	4,088.99
Less: Government Grant	(551.96)	-	-	(551.96)
Add: Loan valued at EIR	-	-	-	-
Less: Exchange Difference on Trade Receivables	-	-	(46.89)	(46.89)
Add: Gain on Fair Valuation of Forward Contract	-	-	71.39	71.39
Less: Amortization of Leasehold Land for the Prior Periods	-	-	-	-
Add: Transaction fee valued at amortised cost	-	-	22.28	22.28
Add: TED Refund Adjustment	-	-	-	-
Less: Creation of Deferred Tax Liability	-	-	(218.45)	(218.45)
Total IND AS adjustments upto	(551.96)	-	(171.67)	(723.63)
Equity as on 01.04.2016 (As per IND AS)	-	36.47	3,328.89	3,365.36

55 Notes to reconciliation
A Property, Plant and Equipment
(i) Amortization of lease hold and

Under previous GAAP, Leasehold land was recorded and classified as fixed assets and amortised over the lease period. However, under Ind AS, Leasehold land is governed by IND AS 17 leases. In accordance with IND AS 17 the company has recognised its lease hold land as Finance lease and shown Land under the head of Property Plant and equipment. Also the amount of land is amortized during the lease period. The net effect of this change is decrease in property, plant & equipment by 6,18,448.53 as at March 31, 2017, Nil as at April 1, 2016, and increase of amortization expense by 6,18,448.53 as at March 31, 2017.

(ii) Capitalization of spares

Under previous GAAP, the Company has recognised the capital spares under Inventory. However Under Ind AS, capital spares that qualifies the criteria of property, plant and equipment are recognised as PPE. Accordingly the company has capitalized spares having useful life of more than 12 months and corresponding depreciation is charged on them. The net effect of this change is increase in Property, plant and equipment by Nil as at March 31, 2017 (64,14,434 as at April 1, 2016) and decrease in Inventories by Nil as at March 31, 2017 (64,14,434 as at April 1, 2016) and decrease in total equity by Nil as at April, 2017.

(iii) Government grant

Under previous GAAP, grant related to fixed assets were adjusted in the cost of fixed asset. As per Ind AS 20, grant related to property, plant and equipment is required to be shown in balance sheet by setting up the grant as deferred income and not by deducting from the value of asset and the same is required to be transfer to profit and loss account on systematic basis. The effect of this change results in increase in property, plant & equipment by 17,54,318.54 as at March 31, 2017 (14,82,455.00 as at April 1, 2016), decrease in total equity by Nil as at March 31, 2017 (Nil as at April 1, 2016), increase in non-current liabilities by 17,54,318.54 as at March 31, 2017 (14,82,455.00 as at April 1, 2016) and increase in other current liabilities by Nil as at March 31, 2017 (Nil as at April 1, 2016)

(B) Financial Instrument
(i) Discounting of security deposits

Under previous GAAP, security deposits are carried at cost. As per Ind AS 109, security deposits (debt instruments) are required to be carried at amortized cost i.e. at present value of future cash flows. In accordance with the requirement of IND AS 109 the company has discounted the security deposits where ever the effect of time value of money is material and there is a contractual period. The effect of this change is decrease in other financial assets by 3,01,902.83 as at March 31, 2017 (3,39,357.45 as at April 1, 2016) and increase in other current assets by 3,01,902.83 as at March 31, 2017 (3,01,902.83 as at April 1, 2016). There had been increase in other income by 37,454.62 and other expenses by 37,454.62 for the year ended March 31, 2017 and decrease in retained earnings by 37,454.62 as at April 1, 2016.

(ii) **Amortization of transaction fees**

Under previous GAAP, processing fees related to borrowings were transferred in statement of profit and loss in the year of loan taken. As per Ind AS 109, borrowings are required to be recognised at amortised cost using effective interest rate method. The net effect of change is increase in other current assets by 3,59,751.56 as at March 31, 2017 (3,59,751.56 as at April 1, 2016), increase in non current asset by 15,08,656.65 as at March 31, 2017 (18,68,407.65 as at March 31, 2016) and increase in total equity by 18,68,407.65 as at March 31, 2017 (22,28,159.00 as at March 31, 2016). There had been increase in finance cost by 3,59,752.00 as at March 31, 2017.

(iii) **Exchange gain/loss on trade receivables and derecognition of forward contract**

Under previous GAAP, Trade Receivables on which forward contracts had been taken were restated at each reporting date using forward rate. Further, corresponding Forward Contract receivable and payable was recognized in books of account. Under IND AS 109, Trade Receivables on which forward contracts has been taken are required to be restated at each reporting date by using spot rate and exchange rate difference was booked. Further forward contract are not recognised in books of account however gain/loss on year end on forward contract is recognised in books of account.

C **Employee benefits**

(i) Under Indian GAAP, Amount invested by the company in gratuity fund of employee's is shown under current/non-current asset head and corresponding provision for gratuity is shown under the head of other current/non-current provision head. Under IND AS the company is required to net off the amount of gratuity fund with the gratuity liability and remaining asset/ liability (as the case may be) is required to be shown in financial statements in appropriate head. Due to this change the company has netted off the amount deposited in gratuity fund of Rs. 80.43 lacs with the provision for gratuity of Rs. 91.11 lac and shown the remaining liability of Rs. 10.68 in the provision head.

D. **Deferred Tax**

The Company has accounted for deferred tax on the various adjustments between Indian GAAP and IND AS at their effective tax rate. The net effect of this IND AS adjustment is Increase in DTL by 112.79 lacs (increase in DTL by 218.45 lakhs) and Increase in other equity by 112.79 lakhs as at 31st March 2017 (Decrease in other equity by 218.45 lakhs)

E **Revenue**

As per the Indian GAAP, revenue from sale of products was presented as net of excise duty. Under IND AS, taxes collected by the entity on its own account are required to be included in the revenue. To comply with this requirement the company has shown revenue inclusive of excise duty since the excise duty flows to the entity on its own account. Due to this change the total revenue of the entity has been increase by 3.73 lacs in F.Y. 2016-17 and cost of material consumption is also increased by same amount.

F **Finance cost element**

Under existing GAAP there was no guidance regarding finance element included in purchased cost of inventory hence the same was shown as a part of purchased cost however under IND AS finance element included in purchased cost of inventory is required to be separately recognised as an element of finance cost instead of purchased cost. The net impact of this change is decrease in Cost of material consumed by 26.66 lakhs during F.Y. 2016-17 and increase in finance cost by 26.66 lakhs by 26.66 lakhs during F.Y. 2016-17.

FOR R SOGANI & ASSOCIATES FOR K G PETROCHEM LTD.
Chartered Accountants
FRN: 018755C

(BHARAT SONKHIYA)
Partner
M. No. 403023

Place : JAIPUR
Dated: 30.05.2018

(G. S. KANDOI)

Chairman Cum Managing Director
DIN: 00120330

(SAIED MOHAMMAD)

Company Secretary
M.No. 52869

For & on behalf of the Board
FOR K G PETROCHEM LTD.
(MANISH SINGHAL)

Director

DIN: 00120232

(SHIV RATAN SHARMA)

CFO



KG Petrochem Limited

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

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

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

ATTENDANCE SLIP

I/We.....R/o
hereby record my/our presence at the 38th Annual General Meeting of the Company on Friday, 31st day of August, 2018 at 10.30 A.M. at F-394(G), Road No 9F2, 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 2018 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 2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

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KG Petrochem Limited

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

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

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

FORM NO. MGT-11

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company on Friday, 31st day of August, 2018 at 10.30 A.M. at -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 31.03.2018 together with the report of the Board of Directors and Auditors.		
2.	Re-appointment of Mr. R.C. Maheshwari, who retires by rotation.		
3.	Sale, Lease or Dispose off the Assets of the Company.		



Affix Revenue Stamp of Re.1

** It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed this day of..... 2018

Signature of shareholder.....

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

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

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

Affix
Revenue
Stamp of
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 38th Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.