



KESAR

# Unlocking

Kesar Petroproducts Limited | Annual Report **2016-17**

### **Forward-looking statement**

In this highlights we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subjects to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Company Review**

- 03 Corporate identity
- 04 Our growth over the years
- 06 Our message to shareholders
- 10 Director's review
- 12 How we do business
- 15 Our performance ambition
- 16 Management Discussion and Analysis

### **Governance**

- 20 Corporate Information
- 21 Notice
- 27 Board's Report

### **Financial Statements**

- 56 Independant Auditors' Report
- 62 Balance Sheet
- 63 Statement of Profit & Loss
- 64 Cash Flow Statement
- 65 Notes to Financial Statements



At Kesar Petroproducts, there is one operative word around which the Company is expected to revolve across the foreseeable future.

The word is 'unlocking'.

*Unlocking* installed capacity.

*Unlocking* the value-chain.

*Unlocking* export prospects.

*Unlocking* operational efficiencies.

*Unlocking* the value of client relationships.

Through this singular focus, the Company intends to enhance stakeholder value in a sustainable way across the foreseeable future.

Kesar Petroproducts' unlocking-driven approach helped sales increase 20% to ₹173.33 crores while operating profit increased 67% to ₹25.90 crores in FY17.

# ₹25.90

Operating profit, FY17  
(₹ Crores)

# ₹173.33

Sales, FY17  
(₹ Crores)

# ₹20.08

Profit after tax, FY17  
(₹ Crores)

# 67%

Growth in EBITDA  
margin, FY17  
(%)

## Definition

Sales growth net of excise duties.

## Why we measure

This measure reflects the result of our capacity to understand market needs and service them with corresponding manufacture, relevant brands, dealer engagement and supply chain – virtually the entire supply chain.

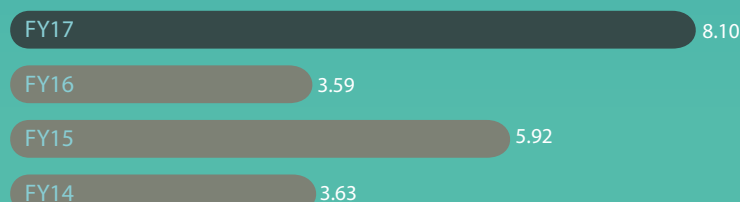
## Performance

The Company has been achieving steady growth in its sales over the last few years, a result of quality products delivery to customers.

## Sales (₹ /crore)



## Export as % of revenues (%)



## Definition

This is derived by dividing exports by revenues expressed as a percentage.

## Why we measure

This indicates our export competitiveness and the ability to spread revenues across a larger customer and geographic spread.

## Performance

The Company's exports as a percentage of revenues have been consistently high, indicating superior quality and export competitiveness.

## Our leadership team

### Mr. Dinesh Sharma

Law graduate and Chartered Accountant with 2+ decades of industry experience. Expertise helped Company emerge as a large quality-driven products supplier.

### Mr. Gajanan Bhavdekar

Post Graduate in Organic Chemistry. Associated with the Company for seven years. Experience of 43 years in R&D, production, technical service and pigment marketing (India and abroad).

### Mr. Kanayo D. Fatnani

B.Tech with 40-year industry experience. Handled variety of industrial projects.

## Cleaner colours

These two words imply enhanced purity on the one hand and clean manufacturing processes on the other.

At Kesar Petroproducts Limited, we account for 8% of the global CPC Blue Crude (and downstream products) market due to a high quality commitment.

Besides, the Company has invested in regulatory-complying processes and practices.

The result is that Kesar Petroproducts is a modern, forward-looking company poised for attractively sustainable growth.

## About us

Kesar Petroproducts was established in 2010 (incorporating the business of Shreyas Intermediates Limited). The Company is among leading Indian manufacturers of Phthalocyanine Blue Crude and downstream products.

At Kesar Petroproducts, we possess state-of-the-art manufacturing capabilities and cutting-edge technologies; the result is high product quality, timely delivery and enduring stakeholder relationships.

Kesar Petroproducts addresses the growing needs of pan-India clients as well as those in 15 countries.

## Our vision

With an extensive experience and high quality products, we aim at becoming the one-point contact in the Phthalocyanine industry. We are constantly thriving and working towards efficient manufacturing capabilities, continuous innovation, better environment management situation and economic viability.

## Our listing

Kesar's shares are listed and actively traded on the Bombay Stock Exchange; the Company enjoyed a market capitalisation of ₹423.43 crores as on 31st March 2017.

## Our prominent clients

Sudarshan Chemicals  
Unilex Colours & Chemicals Limited  
Jaysynth  
Alliance Organics LLP  
Heubach  
Sun Chemical  
Kolorjet Chemicals Private Limited  
Mallak  
Hindprakash Tradelinks Private Limited  
Rasayano

## Our product portfolio and manufacturing capacities



### Pigments

Product	Capacity*
CPC Blue Crude	18000
Alpha Blue	2400
Beta Blue	3600

\* Capacity (MTA)



### Dye intermediates

Product	Capacity*
K-Acid	840
Gamma Acid	360
Vinyl Sulphonate	1200
Sulpho VS	600

\* Capacity (MTA)

## Our pigment applications



Inks



Rubber



Plastic



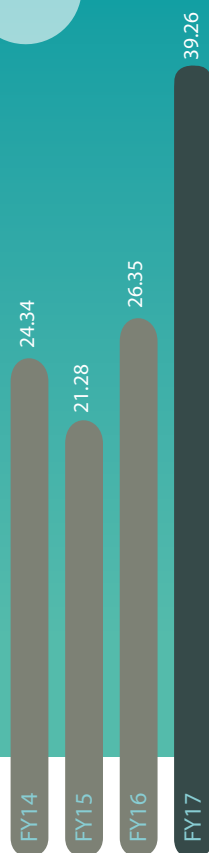
Textiles



Paints

# THIS IS HOW WE HAVE GROWN OVER THE YEARS

**Capacity utilisation**  
(%) (CPC including pigments)



## Definition

The production as a percentage of the Company's overall manufacturing capacity.

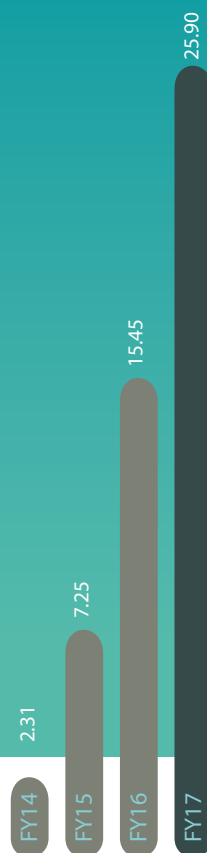
## Why we measure

This measure indicates the extent of utilisation achieved as well as the extent of utilisation left to be achieved (operating leverage) – an index of the Company's achievement and potential

## Performance

Though the Company has shown a steady rise in the capacity utilisation, there is still an enormous untapped potential for aggressive expansion.

**Operating profit**  
(₹ /crore)



## Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

## Why we measure

This measure is an index of the Company's operating profitability (as distinct from financial), which can be easily compared with sector peers.

## Performance

The Company's operating profit grew substantially over the last four years, which is a result of enhanced asset utilisation.

**Operating margin**  
(%)



## Definition

The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the Company's revenues.

## Why we measure

This movement indicates whether the business is becoming efficient. Kesar is focused on a consistent increase in operating margins.

## Performance

The Company's margin increased every single year through the last five years. This was the result of higher asset productivity across the business.

#### Debt-equity ratio (x)



#### Definition

This is derived through the ratio of debt to net worth (less revaluation reserves).

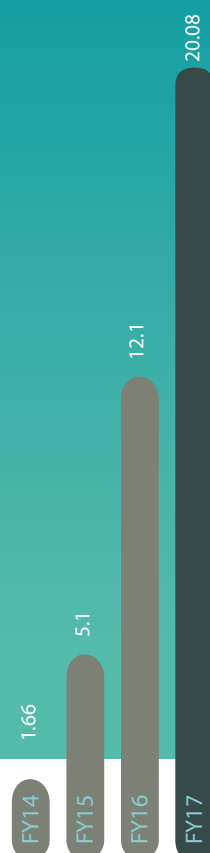
#### Why we measure

This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

#### Performance

The Company's gearing moderated from a peak of 0.53 in FY14 to 0.44 in FY17.

#### Profit after tax (₹ /crore)



#### Definition

This surplus is derived after all expenses and provisions have been deducted.

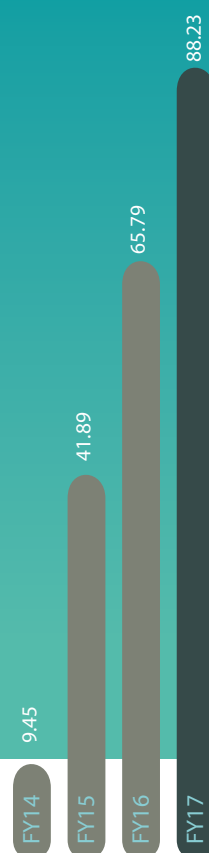
#### Why we measure

This indicates our surplus available for reinvestments and shareholder reward.

#### Performance

The Company's profit after tax strengthened ~66% in FY17, enhancing its accruals available for reinvestment.

#### Net worth (₹ /crore)



#### Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

#### Why we measure

This measure is an index of the Company's operating profitability (as distinct from financial), which can be easily compared with sector peers.

#### Performance

The Company's net worth increased from ₹65.79 crore in 2015-16 to ₹88.23 crore in 2016-17.

#### Earnings per share (₹)



#### Definition

This is derived by dividing profit after tax by the number of equity shares outstanding.

#### Why we measure

This represents a simple index of whether the Company is enhancing value for shareholders or not.


#### Performance

The Company's EPS strengthened from ₹1.31 in 2015-16 to ₹2.08 in 2016-17 following an increase in profit after tax and no equity dilution.



## OUR MESSAGE TO SHAREHOLDERS

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“We expect to unlock value and emerge as one of the best-known CPC players in the world coupled with a growing non-CPC play”

Profit after tax

₹20.08

during the year under review  
(₹ crore)

We are excited in presenting in presenting prospects of an absolutely transformed Kesar Petroproducts.

The present management of the Company assumed control in 2014 when prospects for the Company appeared grim.

The Company had reported aggregated net losses of ₹49.18 crore till 2008-09 and the Company had been referred to the Board of Industrial and Financial Reconstruction (BIFR).

We are pleased to report that despite all apprehensions, the new management of Kesar Petroproducts has succeeded in steering the Company around capped by a profit after tax of ₹20.08 crore during the year under review.

The principal message that we wish to send out to our shareholders is that this turnaround is not one-off and transitory; the transformation in our profitability is sustainable and represents a foundation on which we expect to grow our year-on-year prospects across the foreseeable future.

### Three overarching trends

This overview will largely focus on three overarching sectoral trends that augur well for our business across the foreseeable future.

What makes pigment prospects compelling is that it accounts for a mere 2% of the overall colours market, indicating a vast operating leverage that can keep the sector growing sustainable for years to come.

#### Secular colour-driven trend:

As the world gets younger in some of the more populated geographies, there is a fundamental movement towards colour-vibrancy, which, in turn, is related to the need for feel-good; besides, printing technologies have become increasingly versatile, making it possible to reproduce virtually any colour on demand through a stronger interplay of information technology. As designers

become more nuanced – and hence more demanding – in their colour requirements leading to product and brand differentiation, there is a cascading impact on pigment manufacturers to deliver products of a consistently high quality.

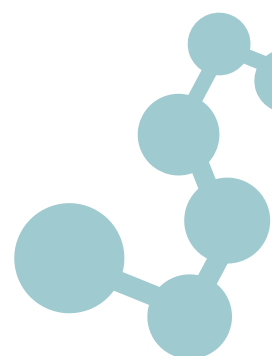
**Greener material:** There is a growing recognition that in the world of colours, there will be a larger role for modern-day pigments over conventional dyes on the grounds of environmental integrity, cleaner technology-driven textile processing and richer tonal impact. The traction is reflected in the numbers: even as the market for pigments is growing annually at the rate of population growth, the considerably larger dyes market is de-growing. What makes pigment prospects compelling is that it accounts for a mere 2% of the overall colours market, indicating a vast operating leverage that can keep the sector growing sustainably for years to come.

**Make in India:** We are finally seeing a weakening in China's CPC competitiveness; this is creating an attractive window of opportunity for robust Indian pigment manufacturers. Over the last few years, an increased investment in environment compliance within China's

pigments sector coupled with a sharp increase in wages, has affected China's global CPC market share. Nimble Indian pigment manufacturers have capitalised and their competitiveness is reflected in the fact that some have even begun to export to China.

### Our vision

At Kesar Petroproducts, we believe we have a significant market-leading role to play in this transformation. A near-9% share of the global CPC market makes us one of the largest global players in this space; across the foreseeable future, we expect to enhance our capacity utilisation and value-addition with the objective to unlock value and emerge as one of the best known CPC players in the world coupled with a growing non-CPC play that enhances value for all those associated with our company.



# How we have transformed over the years

## We were a BIFR company until 2014

A new management assumed control in 2008.

The technocrat management demonstrated hands-on control

It leveraged three decades of rich industry experience

It tightened controls, growing the business despite restrictions

The Company was turned around within 2 years of effective acquisition

## We declined to a capacity utilisation of 20%

Our principal objective was to enhance capacity utilisation

The promoters infused funds; the Company made a QIP of equity shares

We ploughed accruals into working capital

The combination enhanced capacity utilisation every year in the last 4 years

Capacity utilisation peaked at 32.23% in 2016-17, improving profits

## We were largely a CPC company a few years ago

We possessed around 8% of the global CPC capacity

We selected to invest in downstream capacities instead

We widened the value-chain; we sought to increase margins

We enhanced EBITDA margin from 10.73% to 14.97% in 2016-17.

## We were once completely India-focused

We are a completely India-focused pigments company

The Company exported for the first time in 2014

Exports increased to 8.1% of revenues in 2016-17

The Company intends to generate 10% revenues from exports

A Indian and global footprint could enhance de-risking



# 6

reasons we  
are optimistic  
of Kesar  
Petroproducts



High environment  
compliance; no  
effluents discharges



No debt on  
the books



67% of revenues  
derived from clients of  
five years or more



Adequate unused  
in-factory land area



Increase in capacity  
utilisation to drive  
ROCE



Margins kicker from  
strategic value-addition  
from Q1 FY18

## DIRECTOR'S REVIEW



### Review in brief

Enhanced business sustainability in 2016-17

Commissioned a 300 TPM beta facility in January 2017

Debottlenecked existing alpha blue capacity – from 80 TPM to 125 TPM

Maintained receivables cycles of 45 days of turnover equivalent

Business at a take-off point

Higher capacity utilisation projected for 2017-18

“Kesar Petroproducts is at an inflection point when the complement of cash accruals and bank financing of working capital are expected to drive revenue growth”

**Mrs. Snehlata D. Sharma**, Director, explains the robustness behind the Company's 2016-17 performance

## Q/A

**Q:** Were you pleased with the performance of the Company during the year

under review?

**A:** The Company reported profitable growth during the year under review – revenues grew 19.57% and profit after tax strengthened 66%. While reporting this growth, the Company outperformed its sectoral growth average a number of times over, validating the robustness of its differentiated business model.

**Q:** What was the principal achievement of the Company during the year under review?

**A:** The principal achievement of the Company was graduating what appeared to be a one-off performance improvement towards robust business sustainability. I cannot over-emphasise the import of this focus: the Company was loss-making until 2007; the new technocrat promoters assumed management control in 2014, the Company largely addressed survival issues and it is only during the financial year under review that the Company made a significant leap in its mindset and performance: towards business continuity.

**Q:** What initiatives are likely to strengthen the Company's business sustainability?

**A:** At Kesar Petroproducts, we believe that the foundation of all enduring sustainability is essentially derived from the ability to commission additional capacity at a cost that is considerably lower than the prevailing capital cost per tonne.

The Company commissioned a new 300 TPM beta facility in January 2017. There are various ways in which this plant will strengthen our business sustainability: the facility represents a value-addition over our established CPC manufacturing capacity; the plant was commissioned in eight months as against a prevailing benchmark of 18 months; the plant was funded completely from accruals, which is the cheapest form of capital for any business; the product portfolio makes it possible for us to market additional products, mitigating an excessive dependence on CPC, our building block.

During the year under review, the Company debottlenecked its existing alpha blue capacity – from 80 TPM to 125 TPM (operational from June 2018). The increase in capacity was undertaken with a number of objectives in mind: increase the revenue proportion of this value-added product, capture a larger share of the customer's wallet and commission capacity through accruals at a cost that was a fraction of the prevailing greenfield capital cost per tonne.

Through these two objectives, I am optimistic that we have laid the ground for increased revenues, margins and surpluses in a sustainable way across the foreseeable future.

**Q:** What were some of the things that could have been done better?

**A:** Clearly capacity utilisation! Permit me to provide a background for this. When the present management

assumed control in 2014, Kesar Petroproducts was a BIFR company. The result was that the Company did not enjoy any banking facility in terms of access to working capital financing. In this challenging environment the Company was restricted to growing its business only through accruals. As growth was rigorously controlled and incremental, the Company was restricted to capacity utilisation of a mere 37% for its building block (CPC). From one perspective the Company could have done considerably better in enhancing its capacity utilisation (had it succeeded in mobilising additional working capital financing); on the other hand, we believe that the Company has done remarkably well in reporting an attractive profit growth at a low capacity utilisation, which is indicative of a compellingly low break-even point, the basis of our business sustainability.

**Q:** What was the critical driver of the Company's successful performance during the year under review?

**A:** There was a prudent interplay of various business-strengthening initiatives: superior products quality, rigorous environment compliances, stable customer relationships and growing customer wallet share translating into a receivables cycle of 45 days of turnover equivalent, which was virtually half the prevailing industry average. In turn, the quicker receivables inflow made it possible to accelerate complete product turns, which was,

within the circumstances, the only feasible way in which the Company could increase revenues, margins and profits.

**Q:** What is the outlook for the Company's business?

**A:** The outlook for the Company's business is positive for some good reasons: the cooling period between the time the Company exited BIFR and the time when it can mobilise bank funds has come to an end; the Company is at the point when it can prospect for working capital financing from banks with the objective to procure a larger quantum of raw materials, increase capacity utilisation and report higher revenues.

The Company de-bottlenecked its alpha blue capacity resulting in a production increase by more than 50% during the first quarter of the current financial year; besides, the Company intends to launch two new products that will serve as raw materials for dyes with an aggregate capacity of 250 TPM and an annual revenue potential of ₹100 cr.

Kesar Petroproducts is at an inflection point in its existence when the complement of cash accruals on the one hand and bank financing of working capital is expected to drive revenue growth. We believe that by 2019-20, the Company's fully-utilised capacities should be in a position to generate peak revenues of nearly ₹700 crore at margins higher than the prevailing levels, translating into enhanced value for those associated with or our company.

# How we do business

This is a perspective of how Kesar Petroproducts is reconciling diverse realities – economy robustness, sectoral stability and corporate fundamentals – to enhance stakeholder value.

## 1 The national landscape

### GDP growth

India's growth is projected to be among the fastest growing global economies between 2016 and 2020; the country is projected to emerge as the third largest economy in the world by 2030, its GDP approximately trebling to \$7 trillion by 2030 (Source: Oliver Wyman)

### FDI

Even as foreign direct investment into India steadily increased from approximately USD 24 billion in calendar year 2012 to approximately USD 46.4 billion in calendar year 2016, it accounted for only approximately 2% of India's GDP in 2015

### Urbanisation

The World Bank Group estimates the share of India's population living in areas in urban-like surroundings to be approximately 55% and rising, enhancing consumption.

### Inflation

India's inflation has moderated to 5%–6% since 2014, moderating interest rates and strengthening consumer spending

### Demographics

India's workforce is estimated at the second largest in the world comprising 860 MM 15–64 year olds accounting for approximately 66% of the total population (Source: The World Bank Group), a robust consumption-driving population. India is expected to overtake China to have the world's largest workforce by 2026 (Source: The World Bank)

## 2 The landscape of our sector

### Growing Indian competitiveness

The Indian pigments sector is becoming increasingly competitive following an increase in wage and environment compliance costs in China; Indian exports have subsequently increased

### Riding downstream sectors

Pigments are largely used in the printing inks, paints and textile sectors. Increased consumption is expected to catalyse the market for each, strengthening the relevance of pigments

### Stronger environment compliance

The pigments sector is marked by a growing environment compliance priority, reflected in proactive investment in relevant assets, infrastructure, systems and training

## 3 Corporate priorities

### Narrow product selection

The Company is responding to the sectoral opportunity with a relatively small portfolio of pigment products – CPC, beta blue and alpha blue – that has enhanced corporate focus

### Scale

The Company invested in large manufacturing scale (largest Indian CPC manufacturer with 8% of global capacity), related economies, brand visibility and supplier of first (or high) recall

### Customer value

The Company has complemented product manufacture with the ability to customise products around specific grades, attracting terms of trade, suitable packaging and timely delivery

### Controlled growth

During the last few years when working capital access was limited, the Company responded with controlled growth even as customer product appetite was larger than the Company's production

### Customer wallet share

The Company's objective is to work with large, growing and credible clients (marked by no bad debts), progressively growing its customer wallet share



#### **Rising youth literacy**

India's youth literacy levels have increased from 81.1% in 2006 to 89.7% in 2015 (*Source: UNESCO*); gross enrolment ratio for tertiary education increased from 11.5% in 2006 to 23.9% in 2013 (*Source: UNESCO*), strengthening the foundation for increased incomes and consumption

#### **Rising employment**

India's unemployment has declined from approximately 12% in early 1990s to approximately 5.5% (*Source: Oxford Economics*).

#### **Consumption base**

The number of India's middle-class households has grown from 65 MM in 2006 to more than 75 MM in 2015, catalysing consumption (*Source: Euromonitor*) and a 2.9x increase in per capita private consumption (*Source: Economist Intelligence Unit*)

#### **Reforms**

The passage of Goods and Services Tax, enhancing business ease, launch of industrial corridors, as well as the launch of Start-up India, Make in India, Skill India, Digital India and India Stack are expected to catalyse the country's economic growth.

#### **Shift from dyes to pigments**

There is a growing traction for pigments over dyes on account of its relative environment-friendliness (in terms of moderated water consumption and corresponding effluents generation)

#### **Low Indian global exposure**

India's exports as a proportion of the overall global pigments sector is small when compared with its cost-competitiveness, a mismatch that could soon correct

#### **Rigorous vendor appraisal**

Pigment purity has a deep bearing on the quality of downstream products; any purity variation can affect end product brand, making vendor appraisal, selection and retention critical

#### **Enduring customer relationships**

The pigments business is marked by stable and enduring vendor-customer relationships; the business is marked by a high proportion of annual revenues from long-standing clients

#### **Product mix evolution**

The Company intends to launch two products during the current financial year, completing its medium-term portfolio and selecting to consolidate capacities thereafter

#### **Net worth-driven**

The Company's business was net worth-driven (accruals and QIP proceeds); with bank restrictions easing, the Company intends to mobilise low-cost working capital to accelerate growth

#### **Pedigree**

The Company enjoys a strong industry insight through hands-on technocrat promoters and a knowledge pool of senior executives with multi-decade sectoral experience

#### **Progressively global**

The Company has principally been an India-focused pigment supplier, now intending to grow its global presence (from 4% of global revenues, FY17, to 10%, FY19), moderating its geographic risk

#### **In-house technology**

The Company fabricates core equipment used in pigment manufacture, strengthening its insight into machine-product compatibility, moderating capital costs and shrinking commissioning tenures

## 4 Outcome of our business model

### Competitive

The Company's project cost per tonne was ₹3.75 crores as on 31 March 2017 compared with a corresponding greenfield per tonne project commissioning cost of ₹7 crore – an attractive buffer

### Value-addition

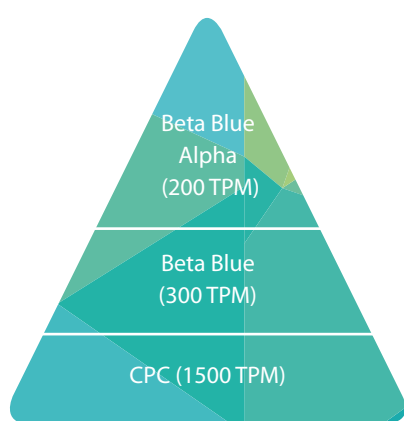
Following the expansion programme carried out in January 2017, the Company reported increased margins – 14.20% EBITDA, Q4, FY17 to 23.30% EBITDA, Q1, FY18 (post-Balance Sheet development)

### Debt-free

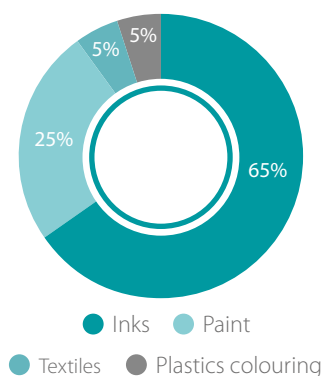
The Company was debt-free (long-term and short-term) as on 31 March 2017. The result is that the Company's interest coverage ratio was a high 103.2 in 2016-17, strengthening viability

### Revenue visibility

The Company's sales profile is marked by stable customer relationships; revenues from customers of five years or more was an assuringly high 67% in 2016-17



Value Pyramid



Our sectoral product allocation

### Growing value-addition

20  
% of revenues from non-CPC products, 2015-16

40  
% of revenues from non-CPC products, 2016-17

60  
% of revenues from non-CPC products, 2017-18 (estimated)

### Growing exports

3.59  
% of revenues from exports, 2015-16

8.10  
% of revenues from exports, 2016-17

10  
% of revenues from exports (est), 2017-18

### Our evolving product mix

1990  
Bisphenol-A

2012  
Cuprous chloride

2014  
CPC

# Our performance ambition

At Kesar Petroproducts, our performance ambition is to create a solid and enduring company respected for its ability to create sustainable value for all its stakeholders

**Overall goal :** The Company intends to emerge as a ₹700 crore revenues company by FY20

## Probable goal contributors

### Competitive capacity creation

The Company creates capacities with speed (quicker than the sectoral benchmark) and at a competitive cost (lower than the sector benchmark), its foundation of business sustainability

### Fiscal austerity

The Company has demonstrated business growth with no external working capital access, showcasing its fiscal capability in challenging circumstances; the Company intends to mobilise external working capital, accelerating growth from this point onwards

### Value chain

The Company will strengthen its value-chain through the downstream manufacture of products extending beyond CPC (building block)

### Increased capacity utilisation

As capacity utilisation increases from 39.26% in FY17 (CPC including pigments) to an estimated 45% in FY18, this could result in enhanced output and profitability (increased RoCE)

## Intended investments

**New products:** The Company intends to launch two products in FY18, creating multiple revenue engines

**Working capital:** The Company intends to plough accruals into working capital as well, enhancing resources that could lead to increased production (and hence revenues and profitability)

## Measuring our performance ambition

### Profitable growth

- **Total income:**  
Grew 19.57% in 2016-17
- **EBITDA:**  
Grew by 67% in 2016-17.

### Consistent value creation

- **Return on average invested capital:**  
Grew 22.40% to 28.75% in 2016-17
- **Market capitalisation:**  
Grew from ₹412.79 crore as on 31 March 2016 to ₹423.43 crore as on 31 March 2017

### Financial mechanics

- **Average cost of debt:**  
Nil, 2016-17
- **Debt-equity ratio:**  
0.44 as on 31 March 2017
- **Interest cover:**  
103.2x as on 31 March 2017

# Management Discussion and Analysis

## Global economic overview

The pace of global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality dictated accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political turmoil.

Global growth was 3.2% in 2016. Long-term prospects of emerging market

economies improved following a decline in interest rates in advanced economies and firming commodity prices.

Asia and India demonstrated robust growth. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices; however, several emerging market currencies depreciated substantially.

### Outlook

The global economy entered its sixth stagnation year with growth estimates for 2017 continuing to trend its retrospective average. Global growth is expected to rise from 3.2% in 2016 to 3.5% in 2017 and 3.6% in 2018, driven by stronger economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets.

(Source: IMF).

Growth	2016	2017(E)	2018 (P)
Global economy	3.2%	3.5%	3.6%
Advanced economies	1.7%	2.0%	1.9%
Emerging market and developing economies	4.3%	4.6%	4.8%

(Source: IMF)

## Indian economic overview

The Indian economy slowed in 2016-17 to 7.1% from 8% in FY2015-16, largely owing to the currency demonetisation in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic; India's consumer confidence index stood at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation by the government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the government's demonetisation initiative and the preparatory work related to the introduction of the goods and services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

### Outlook

India's growth is projected to be among the fastest growing global economies between 2016 and 2020; the country is projected to emerge as the third largest economy in the world by 2030, its GDP approximately trebling to \$7 trillion by 2030 (Source: Oliver Wyman). The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India.

Normal 2017 monsoons and reduced commodity prices are expected to catalyse economic growth. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term.

The Asian Development Bank expects the Indian economy to grow at an accelerated 7.4% in 2017-18 and 7.6% in 2018-19, retaining its position as the world's fastest-growing major economy. (Source: IMF, World Bank, RBI, IBEF)



## Industry overview

The global pigment market witnessed significant growth over the past few years owing to developments in end user industries like paints & coatings, construction, etc. and increased demand for specialty products. This trend is likely to continue due to advancements in new coating technologies and the availability of superior alternatives for synthetic inorganic pigments. According to an August 2016 report by Global Market Insights, the global pigments market was worth \$12.7 billion in 2015 and projected to grow at a compound annual growth rate (CAGR) of 4.5% through 2024.

Asia-Pacific accounts for almost half of the global consumption of pigments and

expected to increase its share on the back of a rapidly growing middle-class in China and India. Eastern Europe, Middle East and South America could see demand increase by more than 3% per annum, contributing to the growth.

The chemical industry in India is the third largest producer in Asia and the sixth largest in the world. The Indian chemical industry is expected to double its share in global chemical industry to 5-6% by 2021 registering a growth of 8-9% across the decade.

Specialty & high performance pigments, including phosphorescent products, are used as safety way guidance in

underground railway stations and public places. Increasing construction spending, particularly in BRIC nations, will drive growth.

### Outlook

The global pigments market is expected to continue growing through at least 2018, according to multiple market analyses and reports. The global pigments market is expected to generate \$34.2 billion through 2020. Organic as well as inorganic pigments are expected to see significant growth as they are intrinsically linked to the growth of the construction industry.

## Global organic pigments: Key drivers and figures

### Key market figures

#### AZO Pigments Market

In 2016, the global organic pigments market was dominated by the AZO pigments market with a market share of

53.4%

#### Printing Inks

The global organic pigments market for printing inks is expected to reach

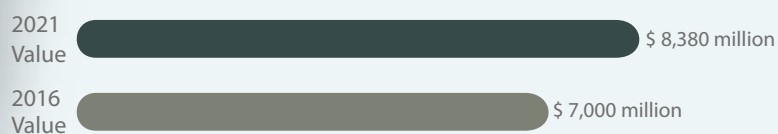
\$4,129.5  
million by 2021

#### Sustainable Paints

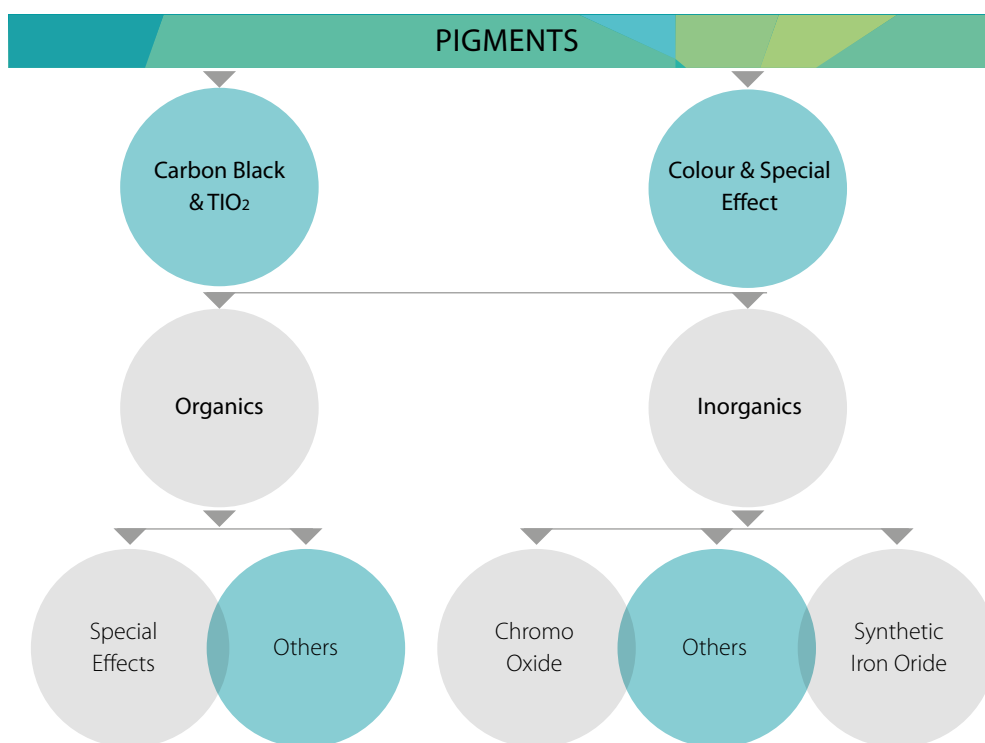
Growing prominence of sustainable paints will fuel the market to post a CAGR of

3.66%

### Global Market Growth



> \$1,380  
Incremental growth  
(million)



## Risk Management

### Industry risk

The global pigment market is expected to grow to USD 18.98 billion by 2024. This is likely to translate into attractive opportunities for organised players to cater to the rising demand for quality pigments. The Company's extensive range of pigments find applications in print, paints, plastics, coatings etc.

**Mitigation:** The Company has good relations with its customers and is equipped for an industrial downturn through supply contracts. The Company has a growing presence in 15 countries, lowering the risk of a downturn in a local geography.

### Technology risk

Technological obsolescence could affect the Company's growth prospects and profitability.

**Mitigation:** The Company has prudently invested in a state-of-the-art manufacturing facility, with a seamless integration of quality, technology and efficiency. Kesar has a highly-skilled R&D team which constantly seeks product enhancement or innovation.

### Compliance risk

Failure to comply with rules or environmental regulations could impact the Brand and the Company's credibility, in turn impacting profitability.

**Mitigation:** The Company is committed to being socially and environmentally responsible, following best practices in manufacture. A dedicated department ensures all regulatory requirements are met and that operations are periodically audited and corrected as necessary.

### Competition risk

Increased competition in common geographies could impact growth and realisations.

**Mitigation:** The Company manages prudent working contacts with its top customers, effectively protecting its share of revenues. Additionally, the Company also improves its competitiveness through product innovation and pricing strategies to enhance its market share in existing geographies, while foraying into new regions.

## Cautionary statement

Statements in the Management Discussion and Analysis report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed and implied. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

## Financial overview

### Profit and loss account analysis

#### Gross revenues

Gross revenues increased by 13.09% to ₹1917.51 million in 2016-17, compared with ₹1695.57 million reported in 2015-16.

#### Operating profit

Operating profit (EBITDA) increased by 67% to ₹259 million in during 2016-17 from ₹155 million in 2015-16, largely because of shifting to value added products.

#### Depreciation

Depreciation for the year under review stood at ₹12.97 million, compared with ₹11.03 million recorded in the previous year, up by 17.59% on a y-o-y basis.

#### Other income

Other income for the year under review stood at ₹11.01 million, up by 150% from the last year.

#### Total tax expenses

Total tax expenses for the year stood at ₹52.84 million, which included current tax of ₹53.25 million, MAT credit entitlement of nil and deferred tax charges of ₹0.41 million.

#### Net profit

Consolidated net profit for the year under review stood at ₹200.82 million, a 66% increase over the previous financial year.

### Balance Sheet analysis

#### Net worth

The Company's net worth stood at ₹882.30 million as on 31st March, 2017, increasing by 34.11%, compared with ₹657.88 million as on 31st March, 2016. The net worth comprised paid-up equity share capital amounting to ₹96.67 million as on March 31, 2017 (96673170 equity shares of Re. 1 each (fully paid up) and nil minority interest). The Company's reserves and surplus and deferred capital investment subsidy stood at ₹782.63 million and ₹3 million, respectively.

#### Loan profile

The total loan funds stood at ₹46.51 million while long-term borrowings stood at ₹46.51 million. The Company's net debt as on 31st March, 2017 stood at ₹7.59 million (including nil short-term borrowings).

#### Total assets

The Company's total assets increased to ₹1271.13 million in 2016-17 from ₹963.10 million in 2015-16, representing an increase of 31.98%. Capital work-in-progress (WIP) for the year increased by 100% to ₹0.39 million in 2016-17, compared to nil in 2015-16.

#### Non-current investments

The Company's long-term non-current investments during the year under review increased to ₹0.78 million from ₹0.36 million in the previous year.

#### Inventories

Inventories increased by 37.82% to ₹185.23 million during the year under review from ₹134.40 million. Inventories comprised stores and spares worth ₹10 million, WIP inventory of ₹41.36 million, raw material inventory of ₹88.10 million and finished goods inventory of ₹45.77 million.

#### Sundry debtors

Sundry debtors of the Company stood at ₹288.97 million in FY17, an increase/decrease of 102.57% over the previous year.

#### Loans and advances

Total loans and advances amounted to ₹337.01 million, comprising 26.51% of the Company's total assets. Short-term loans and advances for the year stood at ₹337.01 million (an increase of 28.75% from the last year).

#### Cash and cash equivalents

The Company had on its books cash and cash equivalents worth ₹54.10 million as on 31st March, 2017 as compared to ₹65.41 million in 31st March, 2016.

#### Current liabilities

Current liabilities stood at ₹342.32 million, mainly comprising trade payables of ₹291.43 million.

## Internal control system

The Company has a separate internal audit department in place that monitors and recommends necessary changes to comply with the business standards. The audit team supervises all internal processes and the higher management

approves all the required changes. The internal control system of the organisation functions effectively with most of the branches electronically being connected with the Head Office. The internal controls are constantly upgraded based on internal

audit recommendations. Periodical monitoring and recommendations are carried out to ensure the business compliances with adequate rules and regulations that govern the Company.

## Human resource

The Company believes that human resources comprise the core essence in the organisation. The Company initiated engagement programs to strengthen its bond with employees. The employees

share the vision of the senior management and work as a team. The Company connects with employees at the grass roots promoting an inspiration to perform. People help the Company accomplish

goals and remain competitive by identifying key prospects, outperforming others. The Company's employee strength stood at 478 as on March 31, 2017.

## CORPORATE INFORMATION



### Board of directors

Mr. Mohit P. Kaushik	Executive Director & CEO
Mr. Nazirsaeb M. Sayyad	Independent Director
Mr. K. D. Fatnani	Independent Director (w.e.f 30th May, 2017)
Mrs. Snehlata D. Sharma	Non-Executive Director
Mr. Sunil A. Sawant	Independent Director (till 22nd May, 2017)

### Chief Financial Officer

Ms. Manali M. More

### Compliance Officer and Company Secretary

Mr. P.M. Nair (w.e.f 24th May, 2016)

Mr. Anil V. Rajkotia (till 13th May, 2016)

### Statutory Auditors

Sayeed Khan & Associates  
Chartered Accountants

### Bankers

Union Bank of India

### Registered Office & Factory

D-7/1, MIDC, Lote Parshuram,  
Taluka Khed, District - Ratnagiri - 415722  
Maharashtra.

### Registrar & Transfer Agents

Link Intime India Private Limited  
C-101, 247 Park, L.B.S Marg,  
Vikroli (West), Mumbai 400083  
Tel: +91 22 49186000  
Fax: +91 22 49186060

# NOTICE



NOTICE is hereby given that the 27th Annual General Meeting of Kesar Petroproducts Limited will be held on Thursday 28th September, 2017 at 11.00 A.M. at the Registered Office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka – Khed, District – Ratnagiri – 415722 to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with the reports of the Board and Auditors' thereon.
2. To appoint a Director in place of Mr. Mohit P. Kaushik (DIN: 06463483), who retires by rotation and being eligible, offers himself for re-appointment.

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules) M/s A. Sachdev Co., Chartered Accountants, Mumbai (Firm Registration Number: 001307C), who have given written consent for their appointment and a certificate to the effect that their appointment, if made, will be in accordance with the conditions of Section 141 of the Act and Rule 4 of the Rules, be and are hereby appointed as the statutory auditors of the Company to hold the office to audit the books of accounts of the Company from the financial year 2017-2018 to financial year 2021-22 and if required, their appointment be ratified by the members of the Company at every Annual General Meeting after this General Meeting on a remuneration as may be fixed by the Board of Directors of the Company in addition to reimbursement of out of pocket expenses as may be incurred by them during the course of audit."

## Special Business

4. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013

(including any statutory modifications or re-enactment thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, Articles of Association of the Company, Mr. K. D. Fatnani (DIN: 07818627), who was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 30th May, 2017 by the Board of Directors under Section 161 of the Companies Act, 2013 and who holds such office up to the date of the 27th Annual General Meeting of the Company and in respect of whom notice in writing along with requisite deposit under Section 160 of the Companies Act, 2013 from a member has been received by the Company proposing his candidature as director in the category of Non-Executive Independent Director, be and is hereby appointed as a Non-Executive Independent Director of the Company whose office shall not be liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013."

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

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

Place: Mumbai  
Date: 14th August, 2017

### Registered Office:

D-7/1, M.I.D.C.,  
Lote Parshuram, Taluka – Khed,  
District Ratnagiri - 415 722,  
Maharashtra



## NOTES

- 1) (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
  
(b) A person appointed as proxy shall act as a proxy on behalf of such member or number of members not exceeding fifty 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) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.  
  
Every member entitled to vote at a meeting of the Company or on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the 27th Annual General Meeting and ending with the conclusion of the said Annual General Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days of notice in writing of the intention so to inspect is given to the Company.
- 3) A Statement pursuant to Section 102 of the Companies Act, 2013 in relation to the special business of the meeting is annexed as Annexure I to the Notice.
- 4) Mr. K. D. Fatnani, Additional Director of the Company is proposed to be appointed as a Director in the category of Non Executive Independent Director of the Company. Mr. Mohit Kaushik, retires by rotation and being eligible offers himself for re-appointment. The details pertaining to aforesaid directors as required under Clause 1.2.5 of Secretarial Standards on General Meeting and Regulation 26(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished in Annexure II to the Notice.
- 5) The route map and prominent landmark of the venue of the 27th Annual General Meeting as required under Clause 1.2.4 of the Secretarial Standards on the General Meeting is annexed herewith as Annexure III to the Notice.
- 6) The members or proxies are requested to bring with them the Annual Report, as extra copy of the same will not be supplied at the meeting as per usual practice.
- 7) 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.
- 8) Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the Annual General Meeting (including through e-voting)
- 9) Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers can be made available at the Meeting.
- 10) As per provisions of Section 72 of the Companies Act 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in single name and physical form are advised to make nomination in the prescribed form SH-13 with RTA and in respect of shares held in demat form, the nomination form may be filled with respective DP.
- 11) The Shareholders are requested to notify changes, if any, in their address to their depository participants in respect of their holding in electronic form and to the Registrars and Transfer Agents of the Company, M/s. Link Intime India Private Limited having office at C-101, 247 Park, L.B.S Marg, Vikroli (West), Mumbai 400083; Tel No. +91 22 49186000; Fax: +91 22 49186060, Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), Website: [www.linkintime.co.in](http://www.linkintime.co.in) in respect of their holding in physical form.
- 12) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 23rd September, 2017 to Thursday 28th September, 2017 (both days inclusive).
- 13) Members who hold shares in dematerialized form are requested to bring their client ID and DPID for easier identification of attendance at the meeting.
- 14) The Shareholders whose dividend remained unclaimed for the financial year 31st March, 2015 are requested to claim it immediately from Company.
- 15) In view of various advantages, the members are requested to avail the facility of dematerialization of the Company's shares.
- 16) The members of the Company holding their shares in physical form or in dematerialized form, who have not registered their e-mail IDs and Mobile number with the Company or Depository Participant, to receive documents like Notice, Annual Reports and alike correspondence through electronic mode are requested to send their e-mail IDs and Mobile number either to the Company's id: [info@kesarpetroproducts.com](mailto:info@kesarpetroproducts.com) or Registrars and Transfer Agents email [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to Depository Participant.
- 17) Annual Report 2016-17 are being sent by electronic mode, only to those members who have registered their email addresses with the Company/ Depository Participant, unless any member has requested for a physical copy of the same. Annual Report 2016-17 are being sent by physical mode to those members

who have not registered their email addresses with the Company/ Depository Participant. Members may please note that the Annual Report 2016-17 is available on the website of the Company viz. [www.kesarpetroproducts.com](http://www.kesarpetroproducts.com).

- 18) The members are requested to handover the enclosed attendance slip duly signed as per their specimen signature(s) registered with the Company for admission to the meeting hall.
- 19) 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 and Share Transfer Agents, M/s. Link Intime India Private Limited.
- 20) EVOTING:
  - I) Pursuant to 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to announce that the Company is providing facility to the members to cast their votes on all the business mentioned in the Notice through electronic means. It may please be noted that the e-voting is optional.
  - II) For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable the shareholders of the Company to cast their votes electronically.
  - III) The Board of Directors of the Company has appointed M/s. Mahesh Kandoi & Associates, Practicing Company Secretary, Mumbai, as scrutinizer to conduct and scrutinize the remote e-voting and voting at the 27th Annual General Meeting in a fair and transparent manner.
  - IV) Process and manner of voting:
    - (a) In case of Shareholders receiving e-mail from NSDL:
      - i. Open e-mail and open PDF file viz; "KESAR e-Voting. Pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
      - ii. In case any shareholder is already registered with NSDL for e-voting, then that shareholder can use the existing user ID and password for casting of vote and step no. (i) and (vi) be skipped.
      - iii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
      - iv. Click on Shareholder – Login.
      - v. Put user ID and password as mentioned in step (i) or (ii)

above, as may be applicable. Click Login.

- vi. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vii. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
  - viii. Select "EVEN" (E-Voting Event Number) of Kesar Pertoproducts Limited.
  - ix. Now you are ready for e-Voting as Cast Vote page opens.
  - x. Cast your vote by selecting appropriate option and click on "submit" and also "confirm" when prompted.
  - xi. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - xii. Once you have voted on the resolution, you will not be allowed to modify your vote. Institutional shareholders (i.e members other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPEG 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, to the Scrutinizer through email at [info@kesarpetroproducts.com](mailto:info@kesarpetroproducts.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (b) In case of Shareholders receiving PIN mailer by Post:
- i. Initial password will be provided through a separate PIN Mailer.
  - ii. Please follow steps (ii) to (xii) above, to cast vote.
  - iii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V) In case of query, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the download sections of <http://www.evoting.nsdl.com> or contact NSDL at the following Telephone No: 1800-222-990.
- NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).
- In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).
- VI) The remote e-voting period commences on Monday, 25th September, 2017 (9:00 AM) and closes on Wednesday 27th



September, 2017 (5:00 P M). At the end of the remote e-voting period, the portal where votes are cast shall forthwith be blocked.

VII) The Cut of date: 23rd September, 2017.

Persons who have become members of the Company after the date of dispatch of notice by the Company, may apply to NSDL for receiving their User ID and Password required for remote e-voting.

Persons whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.

VIII) M/s. Mahesh Kandoi & Associates, Practicing Company Secretary, Mumbai, the scrutinizer will unblock the votes in presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favor or against, if any and submit the same to Mr. Mohit Kaushik, Executive Director of the Company on or before 1st October, 2017 i.e within a period of not exceeding three working days from the date of conclusion of e-voting period.

IX) The results along with the scrutinizer's report shall be placed on the website of the Company immediately after the same is declared.

X) Subject to receipt of sufficient votes, the resolution shall be

deemed to be passed on the date of 27th Annual General Meeting.

XI) Remote e-voting facility shall not be available beyond 27th September, 2017 (5:00 PM).

XII) Company shall provide voting facility at the meeting by way of Polling Paper.

The 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.

The members who have already exercised their vote by way of remote e-voting shall be entitled to participate in the meeting but shall not be allowed to vote.

XIII) Names of the members appearing in the Register of Members as on 23rd September, 2017 shall only be entitled to vote.

XIV) Members are requested to address the grievance connected with facility for voting by electronic means to the Compliance officer of the Company. Email ID: info@kesarpetroproducts.com; Tel No: +91-2356-272471.

XV) Public Notice under Rule 20(4)(V) of the Companies (Management and Administration) Rules, 2014 will be placed on the website of the Company.

XVI) Members holding shares, both physical and demat, are entitled to vote through remote e-voting.

## ANNEXURE I TO THE NOTICE

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 4

Mr. K. D. Fatnani was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company by the Board of Directors with effect from 30th May, 2017 pursuant to Section 161 of the Companies Act, 2013. As per Section 161 of the Companies Act, 2013, he holds office of Additional Director up to the date of the ensuing Annual General Meeting and is eligible for appointment as a director.

The Company has received a notice in writing along with requisite security deposit from a member proposing the candidature of Mr. K. D. Fatnani as Director of the Company under the provisions of Section 160 of the Companies Act, 2013.

As per Section 152(4) of the Companies Act, 2013, Mr. K. D. Fatnani vide letter dated 14th August, 2017 furnished his Director Identification Number and declared that he is not disqualified to become a Director under the Companies Act, 2013.

The Company has received declaration from Mr. K. D. Fatnani that he meets with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. K. D. Fatnani has relevant expertise and experience and fulfills the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and is independent of the management of the Company.

Letter of Appointment setting out terms and conditions is available for inspection by members on all working days except holidays from 11.00 a. m to 5.00 p. m till 27th September, 2017 at the registered office of the company.

The details required under point 1.2.5 of Secretarial Standards on General Meeting and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in Annexure II to the Notice.

The Directors recommend the passing of the resolution set out in Item No. 4 of the accompanying Notice as an ordinary resolution.

Except for Mr. K. D. Fatnani, there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

## ANNEXURE II TO THE NOTICE

Details of the directors proposed to be appointed / re-appointed as per point 1.2.5 of Secretarial Standards on General Meeting and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name	Mr. K. D. Fatnani	Mr. Mohit P. Kaushik
Age	70 years	29 years
Qualifications	He is B Tech (Chemical Engineering), IIT Mumbai .	He is Bachelor in Commerce
Experience	He has forty one years experience in handling a wide variety of industrial projects including process design, design of pilot plants, scale-up of process plants, hazop studies, engineering design and project management. He also has the experience of designing specific process improvements for reducing energy consumption and for waste recovery / treatment in several industrial plants.	He has 8 years of experience in the field of Commercial activities.
Terms and conditions of appointment including details of remuneration	Mr. K. D. Fatnani will hold the office of Non- Executive Independent Director with effect from 30th May, 2017. He will be entitled for remuneration as per the provisions of Companies Act, 2013 and as may be decided by the Board of Directors and approved by the members of the Company from time to time. He will not be liable to retire by rotation. Other terms and conditions are mentioned in the letter for appointment which is available for inspection by members on all working days except holidays from 11.00 a.m to 5.00 p.m till 27th September, 2017 at the registered office of the company.	Mr. Mohit P. Kaushik will hold the office of Executive Director & CEO He will be entitled for remuneration as per the provisions of Companies Act, 2013 and as may be decided by the Board of Directors and approved by the members of the Company from time to time. He will be liable to retire by rotation. Other terms and conditions are mentioned in the letter for appointment which is available for inspection by members on all working days except holidays from 11.00 a.m to 5.00 p.m till 27th September, 2017 at the registered office of the company.
Last drawn remuneration	NIL	₹3,10,000/-
Date of first appointment by the Board of Directors of the Company	30th May, 2017	09th December, 2013
Shareholding in the Company	NIL	NIL
Relationship with other directors and Key Managerial of the Company	None	None
Number of meetings attended during the financial year 2016-17	0	8 Board Meetings
Other directorship, membership / chairmanship of committees of other board	Director in : NIL <b>*Membership / Chairmanship in committees:</b> Chairman - NIL Membership - NIL	Director in: Niyati Venture Private Limited <b>*Membership / Chairmanship in committees:</b> Chairman - NIL Membership - NIL
Justification for appointment of Director	The Company will benefit from the qualification, expertise and experience	N.A

\* For the purpose of disclosure of Membership / Chairmanship only Audit Committee and Stakeholder Relationship Committee are considered.

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

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

Place: Mumbai  
Date: 14th August, 2017



## ANNEXURE III TO THE NOTICE

ROUTE MAP AND PROMINENT LANDMARK OF THE VENUE OF THE ANNUAL GENERAL MEETING



# BOARD'S REPORT

To,  
The Members

Your Directors presents the 27th Annual Report together with the Audited Financial Statements for the year ended 31st March, 2017.

## Financial Results:

The Company's financial performance for the year ended 31st March, 2017 is summarized below:

(₹ in Lakhs)		
Particulars	2016-17	2015-16
Total Turnover & Other Income	17443.01	14448.51
Less : Manufacturing and Other Expenses	14715.33	12851.26
Profit / (Loss) before interest and Depreciation	2727.68	1597.25
Less : Interest	61.34	13.12
Profit / (Loss) after Interest	2666.34	1584.13
Less : Depreciation and Misc. Expenses written off	129.71	110.32
Net Profit / (Loss) Before Tax	2536.63	1473.81
Less: Provision for Tax (including Deferred Tax)	528.39	263.5
Profit/(Loss) after tax	2008.24	1210.31
Balance Profit/(Loss) brought forward from Previous Year	1835.46	625.15
Balance profit / (Loss) carried to balance Sheet	3843.70	1835.45

## Review of Business Operations and Future Prospects:

The total net profit before tax of the Company has increased from ₹1473.81 Lacs to ₹2536.63 Lacs in 2017. The Net profit after tax has increased from ₹1210.31 Lacs to ₹2008.24 Lacs in 2017.

During the year the Company started producing value added pigments Beta Blue. The coming years will see enhanced production in this field. This single activity has added to the bottom line of the Company.

Apart from this, the capacity constraint in the Alpha Blue was also attended to by de-bottlenecking. The gradual shift from CPC crude manufacturing to more value added pigments will be the strategy going forward.

The Dye intermediate factory also has started and this year the production in naphthalene based dye intermediates will further add to the top and bottom line.

One major achievement of the Company was going into zero liquid discharge in the Dye Intermediates Plant. The same concept is being followed for the pigments which is likely to commence functioning in the last quarter of the current year.

## Dividend:

In view to conserve the resource of the Company, your Directors do not recommend any dividend for the year ended 31st March, 2017.

## Reserves:

The Company has not transferred any amount to General Reserve.

## Change in Nature of Business:

The Company is engaged in the business of manufacturing organic chemicals, Bisphenol-A. There was no change in the nature of business activities of the Company during the year under review.



### **Material Changes and Commitment, If any, affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report:**

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

### **Share Capital:**

On 7th February, 2015, the Company had issued and allotted 24,00,000 warrants for cash at a price of ₹59/- each (including premium of ₹49/- each) on preferential basis, carrying an option/ entitlement to subscribe to equivalent number of Equity Shares of ₹10/- each within a period of 18 months from the date of their issue.

The shareholders of the Company had approved the sub-division of equity shares having face value of ₹10/- each fully paid up into 10 equity shares of Re.1/- each in the 25th Annual General Meeting held on 29th September, 2015. Accordingly, the Equity Shares of ₹10/- each had been sub divided into equity shares of Re.1/- each w.e.f. 2nd November, 2015.

On 7th April, 2016, the Company issued and allotted 40,00,000 Equity Shares of Re. 1/- each upon conversion of 4,00,000 warrants. After this allotment, the issued, subscribed and the paid up share capital of the Company stood at ₹9,66,73,170/- divided in to 9,66,73,170 equity shares of Re. 1/- each.

### **Subidiary, Joint Ventures and Associate Companies:**

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

### **Deposits:**

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

### **Extract of Annual Return:**

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

### **Directors and Key Managerial Personnel:**

Mr. K. D. Fatnani was appointed as an Additional Director by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 to hold the office of Non Executive Independent Director of the Company w.e.f 30th May, 2017. He is proposed to be appointed as a Non-Executive Independent Director at 27th Annual General Meeting. A brief profile of Mr. K. D. Fatnani is given in Annexure II to

the Notice of 27th Annual General Meeting.

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

Mr. Sunil Sawant ceased to be Director of the Company w.e.f. 22nd May, 2017. The Board of Directors placed on record its appreciation for his association with the Company and for his valuable service and guidance.

Mr. Anil V. Rajkotia resigned as the Company Secretary and Compliance Officer of the Company on 13th May, 2016 and Mr. P. M. Nair was appointed as the Company Secretary and Compliance Officer of the Company w.e.f 24th May, 2016.

Other than stated above there was no change in the Key Managerial Personnel of the Company.

### **Composition of Board and Statutory Committees formed thereof:**

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

### **Number of Board Meetings conducted during the year under review:**

The Board met 8 (Eight) times during the year. The details of the meetings are given in the Corporate Governance Report. The intervening gap between the two meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Declaration of Independent Directors:**

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

### **Formal Annual Evaluation:**

The Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **Company's Policy Relating to Directors Appointment, Payment of Remuneration and Discharge of their duties:**

The Board, on the recommendation of the Nomination and Remuneration Committee of the Company, has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is attached herewith and marked as 'Annexure II'.

### Directors' Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby confirms that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2017 and of the profit of the company for period ended on that date;
- (c) the directors have taken proper and sufficient care for the

maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Particulars of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013:

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

#### (A) Loans provided:

(Amount in ₹)

Opening Balance	Amount of Loans Given During The Year	Amount of Repayment	Closing Balance
21,52,89,189	1,33,89,114	13,95,070	22,72,83,233

#### (B) Guarantees:

No Guarantees were given during the year under review.

#### (C) Investments made:

(Amount in ₹)

Nature of Investments	Opening Balance	Amount Invested during the year	Amount Redeemed	Closing Balance
Money Market Fund	-	1,00,00,000	-	1,00,00,000

### Particulars of contracts or arrangements made with related parties pursuant to Section 188(1) of the Companies Act, 2013:

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

### Particulars of Employees:

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

### Particulars as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

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

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

#### (A) Conservation of energy-

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



## (B) Technology absorption-

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

## (C) Foreign exchange earnings and outgo-

The Foreign Exchange earned in terms of actual inflows during the year;	₹449.14 Lakhs (Previous year: ₹244.56 Lakhs)
The Foreign Exchange outgo during the year in terms of actual outflows.	₹1,019.39 Lakhs (Previous year: ₹1070.18 Lakhs)

## Significant/Material orders passed by the Regulators:

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

## Internal Financial Control with Reference to the Financial Statements:

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

## Vigil Mechanism Policy:

The Company has a Vigil Mechanism policy to deal with instance of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The details of the Vigil Mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company. We affirm that during the financial year 2016-17, no employee or director was denied access to the Audit Committee.

## Statement Concerning Development and Implementation of Risk Management Policy of the Company:

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

## Corporate Governance Report and Management Discussion Analysis Report:

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

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

## Statutory Auditors:

The term of M/s. Sayeed Khan & Associates, Chartered Accountants, Mumbai as the statutory auditors of the Company expires in financial year 2016-17 pursuant to Section 139 of the Companies Act, 2013 and Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

It is proposed to appoint M/s. A. Sachdev Co., Chartered Accountants, Mumbai as the statutory auditors of the Company for a period of five years commencing from financial year 2017-18. A written consent for appointment and a certificate that appointment, if made, will be in accordance with the conditions of Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received by the Company from M/s. A. Sachdev Co., Chartered Accountants, Mumbai.

Your Directors recommend the appointment of M/s. A. Sachdev Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold the office for a period of five years commencing from financial year 2017-18. The appointment, if required, will be ratified by the members at every Annual General Meeting after the 27th Annual General Meeting.

### Internal Auditors:

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

### Secretarial Auditors:

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

### Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors and the practicing Company Secretary in their reports

There were no qualifications, reservations, adverse remarks made or fraud reported by the Statutory Auditors in their reports.

With respect to observation made by Secretarial Auditor in his report, we would like to state that:

- a) The term office of M/s Sayeed Khan & Co, Chartered Accountants, Mumbai, who were not subjected to peer review, as statutory auditors was expiring on 31st March, 2017 in terms of Section 139 of the Companies Act, 2013 and Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014 and hence change in auditor was not effected during the year under review. However, M/s. A. Sachdev Co., Chartered Accountants, Mumbai, who are proposed to be appointed as the Statutory Auditors of the Company have confirmed that they are subjected to peer review.
- b) The Form IEPF-2 could not be uploaded within the prescribed time due to inadvertence.

- c) Consequent upon change in the Registrar and Share Transfer Agent (RTA), the Company has submitted the tripartite agreement to NSDL through RTA, a duly signed copy thereof is yet to be received.
- d) Investor complaint report to be filed under Regulation 13(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 for quarter ended 30th September, 2016 could not be filed due to inadvertence.

### Corporate Social Responsibility

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

The Company is looking for proper project to make expenditure towards its CSR obligations. The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year is set out in 'Annexure III' of this report in the format prescribed in the Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

### Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

### Acknowledgements

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

By Order of the Board of Directors  
For Kesar Petroproducts Limited

Mohit P. Kaushik  
Executive Director & CEO  
DIN: 06463483

Place: Mumbai  
Date: 14th August, 2017



## ANNEXURE 'I' TO THE BOARD'S REPORT

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017 OF KESAR PETROPRODUCTS LIMITED

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

#### I. Registration and other Details:

i)	CIN	L23209PN1990PLC054829
ii)	Registration Date [DDMMYY]	01.01.1990
iii)	Name of the Company	Kesar Petroproducts Limited
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	Registered office: D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed Ratnagiri - 415722. Email: info@kesarpetroproducts.com Tel: +91-02356 272339; Fax: +91-02356 272571
vi)	Whether listed company	Yes / <del>No</del>
vii)	Name, Address and contact details of Registrar & Transfer Agents, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S Marg, Vikroli (West), Mumbai 400083. Tel: +91 22 49186000 Fax: +91 22 49186060

#### 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:-

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of dyes and pigments from any source in basic form or as concentrate	20114	100.00%

#### III. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	-	-	-	-	-

## IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	30000010	5000000	35000010	37.7671	30000010	0	30000010	31.0324	-6.7347*
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-									-
<b>(2) Foreign</b>									
a) NRIs -	-	-	-	-	-	-	-	-	-
b) Other –	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>30000010</b>	<b>5000000</b>	<b>35000010</b>	<b>37.7671</b>	<b>30000010</b>	<b>0</b>	<b>30000010</b>	<b>31.0324</b>	<b>-6.7347</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	5380	-	5380	0.0058	5380	-	5380	0.0056	-0.0002
b) Banks / FI	1800	1400	3200	0.0035	1800	1400	3200	0.0033	-0.0002
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Mutual Fund	0	2360	2360	0.0025	0	2270	2270	0.0023	-0.0002
<b>Sub-total (B)(1):-</b>	<b>7180</b>	<b>3760</b>	<b>10940</b>	<b>0.0118</b>	<b>7180</b>	<b>3670</b>	<b>10850</b>	<b>0.0112</b>	<b>-0.0006</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	1711473	20240	1731713	1.8686	2023149	20140	2043289	2.1136	0.245
ii) Overseas					-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	36283236	406020	36689256	39.5899	1486744	379210	1865954	1.9302	-37.6597
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	18686857	0	18686857	20.1643	54336176	5000000	59336176	61.3781	41.2138
<b>c) Others (specify)</b>									
Foreign Nationals	0	0	0	0	14	0	14	0	0
Hindu Undivided Family	0	0	0	0	2768408	0	2768408	2.8637	2.8637
Clearing Members	319068	0	319068	0.3443	114718	0	114718	0.1187	-0.2256
Non Resident Indians (Non Repat)	56033	0	56033	0.0605	68317	0	68317	0.0707	0.0102
Non Resident Indians (Repat)	79293	100000	179293	0.1935	365434	100000	465434	0.4815	0.288
<b>Sub-total (B)(2):-</b>	<b>57135960</b>	<b>526260</b>	<b>57662220</b>	<b>62.2211</b>	<b>61162960</b>	<b>5499350</b>	<b>66662310</b>	<b>68.9564</b>	<b>6.7353</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>57143140</b>	<b>530020</b>	<b>57673160</b>	<b>62.2329</b>	<b>61170140</b>	<b>5503020</b>	<b>66673160</b>	<b>68.9676</b>	<b>6.7347</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>87143150</b>	<b>5530020</b>	<b>92673170</b>	<b>100</b>	<b>91170150</b>	<b>5503020</b>	<b>96673170</b>	<b>100</b>	<b>0</b>

\* Note: Mr. Rajkumar claiming to hold 50,00,000 equity shares, in respect of which the rights, title and interest is disputed, are categorized in the Public shareholding effective from quarter ending 31st March, 2017. The matter is sub judice.

#### ii) Shareholding of Promoter

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	M/s. Dinesh Shankarlal Sharma HUF	30000000	41.2807	0.0000	30000000	31.0324	0.0000	(10.2483)
2	Mr. Shankarlal Sharma	10	0.00	0	10	0.00	0	-

Note: Mr. Rajkumar claiming to hold 50,00,000 equity shares, in respect of which the rights, title and interest is disputed, are categorized in the Public shareholding effective from quarter ending 31st March, 2017. The matter is sub judice.

**iii) Change in Promoters' Shareholding** (please specify, if there is no change)

SN		Shareholding at the beginning 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
	At the beginning of the year	There is no change in Promoters' Shareholding			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the end of the year				

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

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning 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)	Sharma Shruti				
	At the beginning of the year	17500000	18.1022		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year (or on the date of separation, if separated during the year)			17500000	18.1022
2)	Shreyas Dinesh Sharma				
	At the beginning of the year	14227603	14.7172		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year (or on the date of separation, if separated during the year)			14227603	14.7172
3)	Malavika Jagdish Toprani				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) Allotment of 4000000 equity shares on 03.06.2016 in lieu of warrants issued			4000000	4.1377
	At the end of the year (or on the date of separation, if separated during the year)			4000000	4.1377
4)	Aatur Harshad Mehta				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) Allotment of 4000000 equity shares on 03.06.2016 in lieu of warrants issued			4000000	4.1377
	At the end of the year (or on the date of separation, if separated during the year)			4000000	4.1377
5)	Ramesh K Ajwani				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) Allotment of 2000000 equity shares on 03.06.2016 in lieu of warrants issued			2000000	2.0688
	At the end of the year (or on the date of separation, if separated during the year)			2000000	2.0688



SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning 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
6)	Sidharth R Ajwani				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			2000000	2.0688
	a) Allotment of 2000000 equity shares on 03.06.2016 in lieu of warrants issued				
	At the end of the year (or on the date of separation, if separated during the year)			2000000	2.0688
7)	Sangita Sidharth Ajwani				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) Allotment of 2000000 equity shares on 03.06.2016 in lieu of warrants issued			2000000	2.0688
	At the end of the year (or on the date of separation, if separated during the year)			2000000	2.0688
8)	Hema Ramesh Ajwani				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	a) Allotment of 2000000 equity shares on 03.06.2016 in lieu of warrants issued			2000000	2.0688
	At the end of the year (or on the date of separation, if separated during the year)			2000000	2.0688
9)	Sanalkumar Menon				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	i. Allotment of 1333350 equity shares on 03.06.2016 in lieu of warrants issued			1333350	1.3792
	At the end of the year (or on the date of separation, if separated during the year)			1333350	1.3792
10)	Puliakote Vimala Kutty				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	i. Allotment of 1333330 equity shares on 03.06.2016 in lieu of warrants issued			1333330	1.3792
	At the end of the year (or on the date of separation, if separated during the year)			1333330	1.3792

**v) Shareholding of Directors and Key Managerial Personnel:**

SN	For each of the Director and Key Managerial Personnel	Shareholding at the beginning 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
	At the beginning of the year	No shares are held by Directors and Key Managerial Personnel			
	Date wise Increase / Decrease during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

**V) Indebtedness**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,11,33,106	5,32,49,024	-	9,43,82,130
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	<b>9,43,82,130</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	65,00,000	-	-	65,00,000
• Reduction	(11,23,540)	(5,32,47,254)	-	(5,43,70,794)
<b>Net Change</b>	<b>53,76,460</b>	<b>(5,32,47,254)</b>	-	<b>(4,78,70,794)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,65,09,566	1,770	-	4,65,11,336
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4,65,09,566</b>	<b>1,770</b>	-	<b>4,65,11,336</b>

**VI. Remuneration of Directors and Key Managerial Personnel**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Amount in ₹

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Mohit Kaushik (Executive Director & CEO)	N.A	N.A	N.A	
1	Gross salary		-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,10,000	-	-	-	3,10,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>3,10,000</b>	-	-	-	<b>3,10,000</b>
	Ceiling as per the Act	1,08,79,971	-	-	-	1,08,79,971



## B. Remuneration to other directors

Amount in ₹

SN.	Particulars of Remuneration	Name of Directors			Total Amount
	3. Independent Directors	-	-	-	-
	Fee for attending board committee meetings				
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>				
	4. Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B)=(1+2)</b>				
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	N.A	N.A	N.A	N.A

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WT

Amount in ₹

SI No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
		N.A	Mr. P. M. Nair and Mr Anil Rajkotia	Ms. Manali More	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1,14,800	5,82,000	6,96,800
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	1,14,800	5,82,000	6,96,800

## VII. Penalties / Punishment/ Compounding of Offences: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## ANNEXURE 'II' TO THE BOARD'S REPORT

### REMUNERATION POLICY OF KESAR PETROPRODUCTS LIMITED

#### 1. Preface

This Remuneration policy of the Kesar Petroproducts Ltd. is formulated to determine the appointment of and remuneration payable to Directors, Key Managerial Personnel ('KMPs') and the Senior Management Personnel ('SMPs') of the Company.

#### 2. Commencement

This remuneration policy governs Policy relating to directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 commences on or after 1st April, 2014.

#### 3. Definitions

For the purpose of this policy all terms shall have same meaning as defined under Companies Act, 2013.

#### 4. Purpose

This policy is framed to attain following objectives:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### 5. Principles of Remuneration

The objective of the remuneration policy is to enable the Company to attract, motivate, and retain qualified industry professionals for the Board of Management and other executive level in order to achieve the Company strategic goals.

The remuneration policy acknowledges the internal and external context as well as the

business needs and long term strategy. The policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The policy is built on the following principles:

- Vision And Strategy – Remuneration and reward frameworks and decisions shall be developed in a manner that is

consistent with, supports and reinforces the achievement of the Company's vision and strategy.

- Transparent – The policy and its execution are clear and practical.
- Aligned within the company's objectives –  
The remuneration policy is aligned with the company's short term and long term objectives, compatible with those of management and other employees.
- Long-term orientated – The incentives focus on long-term value creation.
- Compliant – Company adopts the highest standards of good corporate governance.
- Simple – The policy and its execution are as simple as possible and easily understandable to all stakeholders.
- Internal equity – The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- External equity – The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- Flexibility – Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- Performance – Driven Remuneration – The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- Affordability and Sustainability- The Company shall ensure that remuneration is affordable on a sustainable basis.

#### 6. Nomination and Remuneration Committee

- Composition - The Remuneration Committee of the Board of Directors shall be re-named as Nomination and Remuneration Committee. Members of the Committee shall



be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.

b. Responsibility & Duties - The responsibility and duties of Nomination and Remuneration Committee are as follows:

- i. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
- iii. Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;
- iv. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- v. Formulating the policy to ensure that:
  1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  2. relationship of remuneration to performance is clear and meets appropriate performance benchmark; and
  3. remuneration to directors, key managerial personnel and senior management involves a balance between

fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

## 7. Selection and Appointment of the Board Members

Nomination and Remuneration Committee shall evaluate the Board's Performance, ascertain their availability and make suitable recommendations to the Board. The Committee shall identify suitable candidates in the event of any vacancy being created on the Board on account of retirement, resignation or demise of any existing Board member. Based on the recommendations of the Committee, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director will be appointed by the Board. In the evaluation of Board Members, the Nominations Committee will have regard to normally accepted nomination criteria, including:

- (a) honesty and integrity;
- (b) the ability to exercise sound business judgment;
- (c) appropriate experience and professional qualifications;
- (d) absence of conflicts of interest or other legal impediments to serving on the Board;
- (e) willingness to devote the required time; and
- (f) Availability to attend Board and Committee meetings

## 8. Process for Evaluation

The Nomination and Remuneration Committee of the Board will be responsible for the evaluation of Board's and individual directors' performance.

## 9. Publication

The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013.

## ANNEXURE 'III' TO THE BOARD'S REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY [CSR] ACTIVITIES

**1. Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to a web-link to the CSR Policy and projects or programs.**

The Company has framed a CSR Policy in compliance with the provisions of section 135 of Act. The CSR activities are proposed to be initiated in the field of promoting education.

**2. Composition of the CSR Committee:**

Mr. Nazirsab M. Sayyad	– Chairman
Mr. K. D. Fatnani	– Member
Mr. Mohit P. Kaushik	– Member

**3. Average net profits of the Company for the last three financial years:**

₹ 7,80,89,359/-

**4. Prescribed CSR expenditure [2% of the amount as in item No. 3 above]:**

₹15,61,787/-

**5. Details of CSR spent during the financial year:**

- Total amount to be spent during the financial year 2016-17 – ₹15,61,787/-
- Amount unspent, if any: ₹15,61,787/-
- Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)

1	2	3	4	5	6	7	8
Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs [1] Local area or other [2] Specify the state and district where projects or programs were undertaken	Amount outlay [Budget] Project or Program wise: ₹	Amt. spent on the Projects or Programs: Sub-heads: [1] Direct expenditure on projects or programs, [2] Overheads	Cumulative expenditure up to the reporting period: ₹	Amount spent: Direct or through implementing Agency
-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-

**6. In case the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the company should provide the reasons for not spending the amount in Board's Report-**

During the Financial Year 2016-17, Company has incurred expenditure of ₹NIL in CSR activities. The amount of ₹15,61,787/- could not be spent due to lack of suitable CSR projects. The Company is in process of identifying the same and the amount will be spent on CSR activities as soon as possible.

**7. Responsibility Statement:**

The implementation and monitoring of Corporate Social Responsibility [CSR] Policy, is in compliance with CSR objectives and policy of the Company.

Chairman of CSR Committee  
**Mr. Nazirsab M. Sayyad**  
DIN: 01820552

Member of CSR Committee  
**Mr. Mohit P. Kaushik**  
DIN: 06463483

Place: Mumbai

Date: 14th August, 2017



## ANNEXURE 'IV' TO THE BOARD'S REPORT

### **[A] Disclosures Regarding Remuneration Required Under Section 197(12) Of The Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- i. Ratio of the remuneration of each director to the median remuneration of the employees of the Company -

Managing Director	Ratio to median remuneration of the employees
Mohit P. Kaushik: median remuneration	1 :2.06

- ii. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year –

Director - 40%

Chief Financial Officer – 10%

Company Secretary - 33.333%

- iii. Percentage increase in the median remuneration of employees in the financial year –  
20%

- iv. Number of permanent employees on the rolls of company –

As on 31st March, 2017 there are total 240 employees on the pay roll of the Company out of which 3 are Key Managerial Personnel.

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration –

There was 20% increase in the salaries of employees of the Company vis-à-vis 40% increase in the managerial remuneration. The increment was as per the industrial standards and there are no exceptional circumstances for increase in the managerial remuneration.

- vi. Key parameters for any variable component of remuneration availed by the directors –

There are no variable components in remuneration to the Directors.

- vii. Affirmation that the remuneration is as per the remuneration policy of the company –

Yes, Affirmed.

### **[B] Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- (i) Details of top ten employee drawing remuneration pursuant to the provisions of Rule, 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

Name of the employee	Dinesh Sharma	Ashok Patil	V K Hiralal	Manali More	Dilip Bhosale	N K Swami	P R Sajan	B.G. Chalke	Bijay Pradan	Mohit P Kaushik
Designation of the employee	COO	Plant Incharge	VP Marketing	CFO	Instrument Incharge	Commercial Manager	Maintenance Manager	Manager Electricals	Store Inc harge	Executive Director
Remuneration received (Per annum)	5,40,000	7,03,200	6,00,000	5,82,000	5,40,000	4,10,400	3,60,000	3,48,000	3,24,000	3,10,000
Nature of employment, whether contractual or otherwise	Service	Service	Service	Service	Service	Service	Service	Service	Service	Service
Qualifications and experience of the employee	C.A	Diploma in Chemical Engineering; 19 years experience	B.A / D.F.M / D.I.E.M / D.I.M / A.D.I.M / S.D.M / M.B.A; 49 years experience	M.Com; 24 years experience	SSC, ITI & Instrumental Engineer; 26 years experience	M.Com; 21 years experience	SSC; 20 years experience	Diploma in Electricals; 25 years experience	B.A	B.Com; 8 years experience
The age of such employee	61 years	46 years	69 years	47 years	46 years	45 years	52 years	56 years	36 years	29 years
The last employment held by such employee before joining the company	Chartered Accountant	A-One Chem-Trade Private Limited	Shreyas Intermediates Limited	Shreyas Intermediates Limited	Sudershan Chemicals Limited	Shri Hari Chemicals Export Limited	Divya Chemicals Limited	Universal Chemicals Limited	Shreyas Intermediates Limited	NIL
The percentage of equity shares held by the employee in the company	30,00,000 (through HUF)	-	-	-	-	-	-	-	-	-
Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager.	Yes. Spouse of Mrs. Snehlata D. Sharma	-	-	-	-	-	-	-	-	-

- (ii) There were no employees in the Company, who were in receipt of remuneration of more than one crore and two lakh rupees in the year 2016-17 or eight lakh and fifty thousand rupees per month if employed for a part of the financial year.



## ANNEXURE 'V' TO THE BOARD'S REPORT

### Management Discussion and Analysis

Today, we are the leading manufacturers of Phthalocyanine Blue Crude and its downstream products in India and contribute upto 15% of the entire Copper Phthalocyanine market of India. The company has a global presence in 15 countries.

The production capacity of Kesar Petroproducts in Copper Phthalocyanine Blue Crude is 1500 metric tons per month, in Alpha Blue is 200 metric tons per month and in Pigment Green 7 is 50 metric tons per month. We also plan to expand their operations in the Beta Blue market with a production capacity of 250 metric tons per month. This rapidly growth production capacity makes us one of the most progressive players in the industry.

### Industry Structure and Developments

Chemicals are an integral part of our modern day life. There is hardly any industry where chemical substances are not used. Pigments are an integral ingredient of the chemical industry. Pigments are colouring agents that can be classified into phthalo and azo pigments. Phthalocyanine pigments are one of the largest categories of pigments manufactured in India. Your Company is engaged in the manufacture of Phthalocyanine Blue Crude and its downstream products in India.

### Opportunities, Threats, Risk & Concerns

The global pigments industry produces hundreds of colourants for a wide spectrum of industries and consumers. The major markets are printing inks, paints and coatings, plastics, paper, ceramics, textiles, glass, food and cosmetics.

With more and more people moving to urban areas there has been a hefty growth in the paints and coating industry. The Asia Pacific region is expected to grow as demand and production of pigment are shifting from the US, Europe and Japan to the emerging markets of Asia, especially China and India.

A steady increase in the large pigments markets such as paint and coating will catalyse volumes. With the printing ink industry also performing well, it will open up newer opportunities for the Company.

Raw material availability and their costs are always a concern. The key raw materials used in the manufacture of the pigments are derivatives of crude oil. Hence, prices of raw material vary with fluctuation in the international crude oil prices. The Company has an in built system of monitoring the inventory and logistics. Further production process of the Company is vertically integrated, where CPC Blue Crude is the primary raw material for the production of Pigment Blue. This helps the Company to manage the raw material cost. The future of pigment production is completely dependent on the ability to treat the waste water. The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, the company aims at providing a seamless integration of quality and schedule by ensuring timely deliveries, state-of-the-art manufacturing products, new age technology, constant innovation and economic viability.

The Audit Committee monitors the implementation of the risk mitigation plans.

### Outlook

Indian economy is expected for slow revival with continued inflationary prices, rising raw material cost, depreciating rupee. The global economy shows signs of revival but with no significant upturn. Developed economics like North America and Europe which are major consumers of pigment are gradually recovering and accordingly demand for printing inks,

paints and coating is expected to pick up, which will benefit the Company. The Company will continue its efforts to increase the utilization of its installed capacities, which will be crucial to achieve an improvement in the operational results.

Priority will be on the quality of the products. The disciplined focus will be cost reductions, operating efficiencies and diligent cash deployment in value creating opportunities. The Company is also taking efforts to increase the product line whereby company will be in a position to increase the margin on sales.

### Internal Control Systems And Their Adequacy

The Company has a proper and adequate system of internal controls commensurate with its size and business operation to ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorized use or disposition and compliance with all applicable regulatory laws and company policies. Internal control systems are reviewed by Audit Committee on a regular basis for its effectiveness and the necessary changes suggested are incorporated into the system. Internal Audit Reports are reviewed by the Audit Committee of the Board.

### Financial Performance

The financial performance of the company has been discussed and disclosed in the Director's Report.

### Human Resources Development

The Industrial relations climate of your Company continues to remain harmonious with focus on productivity, quality and safety. During the year under review, there were, no significant labour issues outstanding or remaining unresolved during the year. The Board records their appreciation of the commitment and support of the employees and looks forward to their continued support. As on 31st March 2017, the Company had 240 permanent employees.

### Cautionary Statement

Some of the statements in this "Management Discussion and Analysis", describing the Company's objectives, projections, estimates, expectations and predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## ANNEXURE 'VI' TO THE BOARD'S REPORT

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### 1. A Brief Statement on Company's Philosophy on Code of Governance:

The Company is committed to benchmarking itself with the best in all areas including Corporate Governance. The Company's philosophy of Corporate Governance is aimed at strengthening the confidence among shareholders, customers, employees and ensuring a long-term relationship of trust by maintaining transparency and disclosures. The Company believes in maintaining highest standards of quality and ethical conduct in all the activities of the Company.

#### 2. Board of Directors:

##### • Composition:

The Board of Directors consisted of 4 (Four) Directors. The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of directorships in other companies and Chairmanship/Membership in Committees are given below:

Name of Director	Category	No. of Board Meetings held	Attendance Particulars		No. of other Directorship(s)	Committee Positions (including Company)	
			Board Meeting	Last AGM		Memberships	Chairman
Mr. Mohit P. Kaushik	Executive Director & CEO	8	8	Yes	-	2	-
Mr. Nazirsab M. Sayyad	Independent Director	8	8	Yes	-	-	2
Mr. K. D. Fatnani (w.e.f 30th May, 2017)	Independent Director	8	N.A	N.A	-	2	-
Mrs. Snehlata D. Sharma	Non-Executive Director	8	8	Yes	-	-	-
Mr. Sunil A. Sawant (till 22nd May, 2017)	Independent Director	8	8	Yes	-	2	-

The directorship held by Directors as mentioned above do not include Directorships of Private Companies/Foreign Companies and Section 8 Companies.

Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies has been considered.

##### • Number and date of Board Meetings held:

During the year 2016-17, 8 (Eight) Board Meetings were held on 7th April, 2016, 11th April, 2016, 24th May, 2016, 24th June, 2016, 12th August, 2016, 14th November, 2016, 31st January, 2017 and 14th February, 2017.

##### • Disclosure of relationship between directors inter se:

None of the directors of the Company are related with each other.

##### • Number of shares and convertible instruments held by Non-Executive Director:

As on 31st March, 2017, no Non-Executive Director held any share/convertible instruments in the Company.

##### • Web-link where details of familiarization programmes imparted to independent Directors is disclosed:

The details of the programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the

Company, nature of the industry in which the Company operates, business model of the Company are put up on the website of the Company at the link: <http://www.kesarpetroproducts.com>.

#### 3. Audit Committee:

##### • Brief description of terms of reference:

The broad terms and reference of the Audit Committee are to review the financial statements before submission to Board, to review reports of the Internal Auditors and to review the weakness in internal controls reported by Internal and Statutory Auditors and to review the remuneration of Internal and Statutory Auditors. In addition, the powers and role of the Audit Committee laid down under Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 are also followed.



#### • Composition:

The Audit Committee comprised of Mr. Nazirsaeb M. Sayyad, Mr. K. D. Fatnani, Independent Directors and Mr. Mohit P. Kaushik, Executive Director & CEO. Mr. Nazirsaeb M. Sayyad is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

#### • Meeting and attendance during the year:

The Audit Committee met 4 (four) times viz. 24th May, 2016, 12th August, 2016, 14th November, 2016 and 14th February, 2017 during the year under review. The number of meetings attended by each member during the year is as follows:

Name of the member	Designation	No. of Meetings Attended
Mr. Nazirsaeb M. Sayyad	Chairperson	4
Mr. K. D. Fatnani (w.e.f 30th May, 2017)	Member	N.A
Mr. Mohit P. Kaushik	Member	4
Mr. Sunil A. Sawant (till 22nd May, 2017)	Member	4

### 4. Nomination and Remuneration Committee:

#### • Brief description of terms of reference:

The terms of reference of the Nomination and Remuneration Committee are wide enough covering the matters specified for Remuneration to the Directors under Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of Companies Act, 2013.

#### • Composition:

The Nomination and Remuneration Committee comprised of Mr. Nazirsaeb M. Sayyad, Mr. K. D. Fatnani, Independent Directors and Mrs. Snehlata D. Sharma, Non Executive Director. Mr. Nazirsaeb M. Sayyad is a Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

#### • Meeting and attendance during the year:

During the year under review, 2 (Two) meeting of the Committee was held on 24th May, 2016 and 12th August, 2016. The attendance at the Committee meeting was as follows:

Name of the member	Designation	No. of Meetings Attended
Mr. Nazirsaeb M. Sayyad	Chairperson	2
Mr. K. D. Fatnani (w.e.f 30th May, 2017)	Member	N.A
Mrs. Snehlata D. Sharma	Member	2
Mr. Sunil A. Sawant (till 3rd March, 2017)	Member	2

#### • Performance evaluation criteria for Independent Directors:

Pursuant to the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has evaluated the performances of each Independent Director. The questionnaires are prepared considering the business of the Company. The Evaluation framework for assessing the performance of Independent Directors, inter alia, comprise of the following key areas:

1. Attendance of Board and Committee Meetings;
2. Quality of contribution to Board deliberations;
3. Strategic perspectives or inputs regarding future growth of the Company and its performances;
4. Providing perspectives and feedback going beyond information provided by the management.

#### • Remuneration to Directors:

- a) The Non-Executive Directors had no pecuniary relationship or transactions with the Company during the year 2016-2017.
- b) Non-Executive Directors did not draw any remuneration from the Company.
- c) Details of remuneration paid to Directors during the year ended 31st March, 2017 and shares held by them on that date are as follows:

Name	Salary	Perquisites or Allowances	Contribution to PF & Others	Commission	Sitting fees	Total	Total no. of shares held
Mr. Mohit P. Kaushik	3,10,000	-	-	-	-	3,10,000	-
Mr. Nazirsaeb M. Sayyad	-	-	-	-	-	-	-
Mrs. Snehlata Sharma	-	-	-	-	-	-	-
Mr. Sunil A. Sawant (till 22nd May, 2017)	-	-	-	-	-	-	-
Mr. K. D. Fatnani (w.e.f 30th May, 2017)	-	-	-	-	-	-	-

- (i) Apart from the above mentioned remuneration paid, there are no other fixed component and performance linked incentives based on the performance criteria;
- (ii) The tenure of office of the Executive Director is for three years from the date of appointment, and can be terminated by either party by giving one months' notice in writing. There is no separate provision for payment of severance fees.
- (iii) There are no stock options offered to the any Directors of the Company.

## 5. Stakeholders' Relationship Committee:

### • Composition:

The Stakeholders' Relationship Committee comprises of Mr. Nazirsaheb M. Sayyad, Mr. K. D. Fatnani, Independent Directors and Mr. Mohit P. Kaushik, Executive Director & CEO.

Mr. Nazirsaheb M. Sayyad is a Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Address and contact details for investors are:

Address : D-7/1, M.I.D.C., Lote Parshuram, Ratnagiri-415722

Phone : 02356-272339

Email : info@kesarpetroproducts.com

Status of investors' complaints/services requests:

At the beginning of the year	Received during the year	Resolved during the year	Pending
02	31	31	02

### • Meeting and attendance during the year:

During the year under review, 7 (Seven) meetings of the Committee were held on 24th May, 2016, 12th August, 2016,

20th February, 2017, 24th February, 2017, 27th February, 2017, 15th March, 2017 and 20th March, 2017. The attendance at the Committee meeting was as follows:

Name of the member	Designation	No. of Meetings Attended
Mr. Nazirsaheb M. Sayyad	Chairperson	7
Mr. K. D. Fatnani (w.e.f 30th May, 2017)	Member	-
Mr. Mohit Kaushik	Member	7
Mr. Sunil A. Sawant (till 22nd May, 2017)	Member	7

## 6. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee comprises of Mr. Nazirsaheb M. Sayyad, Mr. K. D. Fatnani, Independent Directors and Mr. Mohit P. Kaushik, Executive Director & CEO. Mr. Nazirsaheb M. Sayyad is a Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

During the year, the CSR Committee met on 14th February, 2017. All the members of the Committee were present at the meeting.

## 7. General Body Meetings:

### • Location and time, where last three Annual General Meetings (AGM) held:

Financial year	Time	Date	Location	Special resolutions passed
2013-14	11.00 a.m.	30th September, 2014	D-7/1, MIDC, Lote Parshuram, Taluka Khed, District Ratnagiri.	<ul style="list-style-type: none"> <li>Adoption of new set of Article of Association of the Company.</li> <li>Authority to the Board of Directors to borrow money, whether secured or unsecured, exceeding aggregate of the paid up capital and free reserves subject to maximum limit of ₹100 Crores.</li> <li>Authority to the Board of Directors to create mortgages / charges / hypothecation on all or any of the immovable and/or movable assets of the Company, both present and future upto an amount as approved by the shareholders of the company under section 180(1)(c) of the Companies Act, 2013.</li> </ul>
2014-15	11.00 a.m.	29th September, 2015	D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri.	Alteration in Capital Clause V of Memorandum of Association of the Company.
2015-16	11.00 a.m.	30th September, 2016	D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri.	No special resolution was passed

No Extra Ordinary General Meeting of the Company was held during the year under review.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.



## 8. Means of Communication:

The Company's has published its quarterly/half yearly/Annual results in newspaper i.e. Business Standard, The Asian Age, Daily Sagar.

**Website:** The Company's website ([www.kesarpetroproducts.com](http://www.kesarpetroproducts.com)) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

**New releases, presentations, among others:** All Corporate Announcements made to the Stock Exchanges during the year 2016-17 will be made available on the website of the Company.

During the year 2016-17, the Company has not made any presentations to institutional investors or analysts.

## 9. General Shareholder Information:

**a. Annual General Meeting:** Thursday, 28th day of September, 2017 at 11.00 A.M. at D-7/1, M.I.D.C., LoteParshuram, TalukaKhed, District Ratnagiri, Maharashtra.

**b. Financial Year :** 1st April to March 31st

**c. Date of Book Closure :** 23rd day of September, 2017 to 28th day of September, 2017 (both days inclusive)

**d. Cut-off date for remote e-voting:** The remote e-voting / voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. 23rd day of September, 2017.

**e. Dividend Payment Date:** N.A.

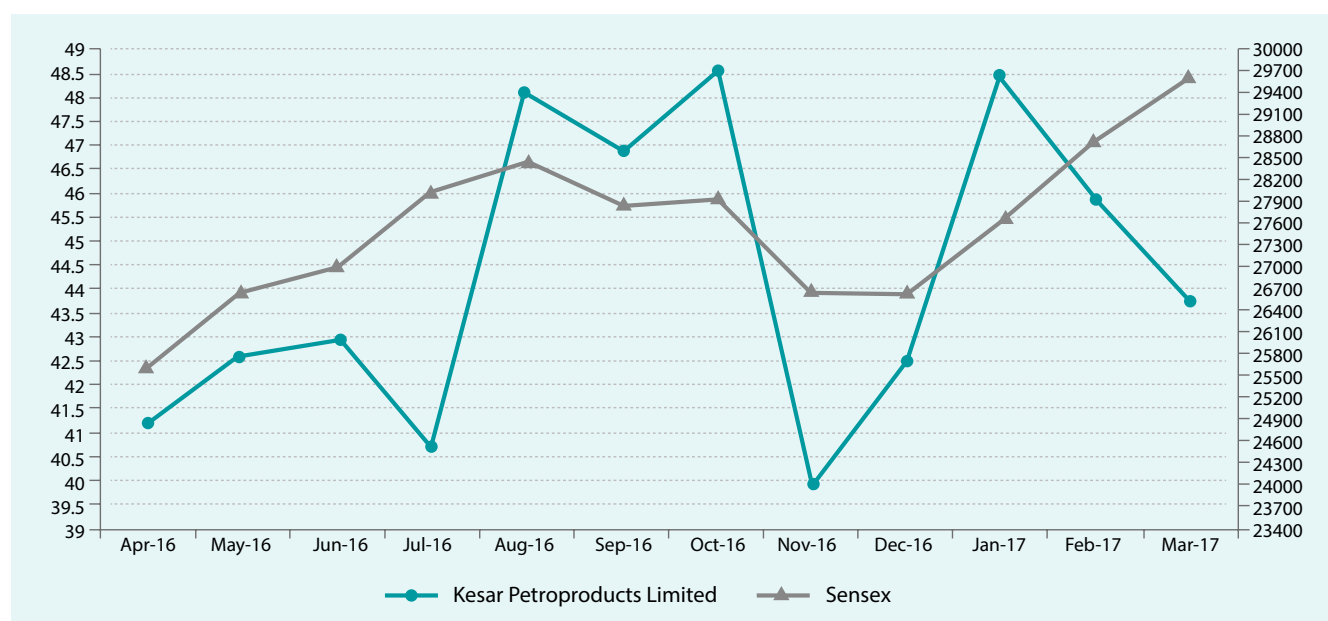
**f. Listing Fees:** The Company has paid the listing fees for the year 2017 – 18 to the stock exchange where the shares are listed.

**g. Stock Code:** BSE: 524174; ISIN: INE133C01033

**h. Stock Market Price Data And Performance Comparison With BSE Sensex:**

The monthly high/low of market price of shares traded on the BSE Limited and performance comparison with BSE Sensex, Mumbai are as follows:

Month	Stock Open Price	Stock High Price	Stock Close Price	Sensex Close
April-16	42.5	45	41.25	25606.62
May-16	40	46.85	42.6	26667.96
June-16	40.6	44.8	42.95	26999.72
July-16	43.5	43.95	40.75	28051.86
August-16	39.1	53.4	48.15	28452.17
September-16	48.15	53	46.9	27865.96
October-16	46.65	51.5	48.55	27930.21
November-16	46.3	53	39.95	26652.81
December-16	40	50	42.5	26626.46
January-17	41.25	54.9	48.55	27655.96
February-17	48.5	55.75	45.9	28743.32
March-17	46.1	46.1	43.8	29620.5



i. **Trading of Securities:** The securities of the Company are not suspended from trading during the year 2016-17.

j. **Registrar and Share Transfer Agents:**

Link Intime India Private Limited  
C-101, 247 Park, L.B.S Marg,  
Vikroli (West), Mumbai 400083  
Tel: +91 22 49186000  
Fax: +91 22 49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

k. **Share Transfer System:**

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent (RTA) within 15 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days.

l. **Distribution of Shareholding as at 31st March, 2017:**

Shareholding of Nominal Shares	Shareholder	Percentage of Total	Total shares	Percentage of Total
1-500	24751	98.3236	1024270	1.0595
501-1000	223	0.8859	174944	0.1810
1001-2000	68	0.2701	100465	0.1039
2001-3000	26	0.1033	65208	0.0675
3001-4000	10	0.0397	36882	0.0382
4001-5000	16	0.0636	75840	0.0784
5001-10000	17	0.0675	128016	0.1324
10001 and above	62	0.2463	95067545	98.3391
<b>Total</b>	<b>25173</b>	<b>100</b>	<b>96673170</b>	<b>100</b>

m. **Dematerialization of Shares:**

As on 31st March, 2017, 94.31% of the total shares of the Company were in dematerialized form.

n. **Convertible instruments:**

On 7th April, 2016, the Company issued and allotted 40,00,000 Equity Shares of Re. 1/- each upon conversion of 4,00,000 warrants.

The Company has no convertible securities outstanding as on 31st March, 2017.

The Company has not issued any ADRs, GDRs, or any other convertible instruments during the financial year ended 31st March, 2017.

o. **Commodity Price risk or foreign exchange risk and hedging activities:**

The Company did not engage in Commodity, foreign exchange risk and hedging activities during the year.

p. **Plant Location:**

D-7/1, M.I.D.C., LoteParshuram, TalukaKhed, District Ratnagiri, Maharashtra.

q. **Regd. Office &Address for Investors' Correspondence:**

**Kesar Petroproducts Limited,**  
D-7/1,MIDC Lote Parshuram, Taluka Khed, Ratnagiri-415722  
Phone : 02356-272339  
Email : [info@kesarpertoproducts.com](mailto:info@kesarpertoproducts.com)  
Website: [www.kesarpertoproducts.com](http://www.kesarpertoproducts.com)

**Link Intime India Private Limited**  
C-101, 247 Park, L.B.S Marg, Vikroli (West), Mumbai 400083  
Tel: +91 22 49186000  
Fax: +91 22 49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**9. Disclosures:**

a) **Related party transactions:**

During the year under review, there were no material transactions with related parties. The policy on dealing with Related Party Transaction will be made available on Company's website at [www.kesarpertoproducts.com](http://www.kesarpertoproducts.com) under Investor Relation Section.

b) **Compliance by the Company:**

The Company has complied with all the requirements of listing agreement and SEBI (Listing Obligation and Disclosure



Requirement) Regulations, 2015 entered into with the Stock Exchange. There were no penalties or strictures imposed on the Company by the Stock Exchange, SEBI or other statutory authorities for non-compliances of any matter related with capital market during the last three years except as disclosed hereunder:

The SEBI has vide its order no. WTM/PS/134/CFD/Jan/2016 dated 11th January, 2016 confirmed its order dated 4th June, 2013 freezing the voting rights and corporate benefits like dividend, rights, bonus shares, split etc. of the promoter / promoter group with respect to excess of proportionate promoter / promoter group shareholding in non-compliance of said regulations till such time it complies with minimum public shareholding requirement. The aforesaid orders were for non-compliance of Regulations 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 read with Clause 40A of the Listing Agreement with respect to minimum public shareholding by the Company.

The Company had filed a petition against the said SEBI order before the Securities Appellate Tribunal (SAT). SAT has disposed off the appeal permitting the Company to make representation to SEBI setting out the mode and manner in which the minimum public shareholding requirement has been achieved. The Company has represented the matter to SEBI and the matter is pending.

**c) Whistle-Blower Policy/Vigil Mechanism and affirmation that no personnel have been denied access to the Audit Committee:**

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. We affirm that during the financial year 2016-17, no employee was denied access to the Audit Committee.

**d) Details of Compliance with mandatory requirements and adoption of non mandatory requirements:**

The Company has complied with all mandatory requirements of Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant section of this report.

**e) Material Subsidiaries:**

The Company does not have any subsidiary.

**f) Disclosure of commodity price risks and commodity hedging activities:**

The Company does not deal in commodity price risks and commodity hedging activities .

## **10. Compliance of the requirement of Corporate Governance Report:**

The Company has complied with the requirements of Corporate Governance Report of sub paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## **11. Discretionary Requirements as specified in Part E of Schedule II:**

The Company has adopted following non-mandatory requirements of Regulation 27 and Part E of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

- (a) Audit Qualification – The Company is in the regime of unqualified financial statements.
- (b) Reporting of Internal Auditor – The Internal Auditor directly reports to the Audit Committee.

## **12. Disclosure of the Compliance with Corporate Governance**

The Company has complied with the Regulations 17 to 20, 22, 23, 25 to 27 and Clauses (b) and (i) sub-regulations 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the year 2016-17, whenever applicable. Regulations 21 and 24 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are not applicable to the Company.

## **13. Disclosure of Accounting treatment:**

In the preparation of the financial statement, the Company has followed accounting standards issued by Institute of the Chartered Accountants of India to the extent applicable.

## **14. Related Party Disclosures:**

The disclosures as required by Accounting Standard (AS-18) on “Related Party” are given in appended financial statements under notes to accounts.

## **15. Disclosure with respect to demat suspense account/unclaimed suspense account:**

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at 31st March, 2017. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

## **16. Compliance Certificate by Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is annexed herewith and forming part of Annual Report.

## **17. Compliance Certificate for Code of Conduct:**

The declaration by Executive Director affirming compliance of Board and Senior Management Personnel to the Code is also annexed herewith and forming part of Annual Report as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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## ANNEXURE 'VII' TO THE **BOARD'S REPORT**

### CODE OF CONDUCT

#### **Declaration – Code of Conduct**

As per the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the year ended 31st March, 2017.

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

**Mohit P. Kaushik**

*Executive Director & CEO*

DIN: 06463483

Place: Mumbai

Date: 14th August, 2017



## ANNEXURE 'VIII' TO THE BOARD'S REPORT

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Kesar Petroproducts Limited.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kesar Petroproducts Limited (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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, I hereby report that in my 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by 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'):-
  - (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;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
- (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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- Not Applicable
- (i) As informed and certified by the management the following are the laws applicable specifically to the Company as per its business activity:
  - Factories Act, 1948;
  - Industrial Disputes Act, 1947;
  - The Minimum Wages Act, 1948;
  - Boiler Act 1923 and Maharashtra Boiler Rules, 1962
  - The Industrial Employment (Standing Order) Act, 1946;
  - The Child Labour (Prohibition and Regulation) Act, 1986;
  - The Maternity Benefit Act, 1961;
  - The Environment (Protection) Act, 1986;
  - Water (Prevention and Control of Pollution) Act, 1974;
  - Air (Prevention and Control of Pollution) Act, 1981;
  - Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
  - The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
  - The Payment of Gratuity Act, 1972;
  - The Payment of Bonus Act, 1965;
  - The Central Sales Tax Act, 1956 & other applicable state Sales Tax Acts;
  - The Professional Tax Act, 1975;
  - The Income Tax Act, 1961;
  - The Finance Act, 1994 (Service Tax);

- Central Excise and Customs Act;
- Standard of Weight And Measures Act, 1976;
- Essential Commodities Act, 1955;
- Explosive Act 1884;
- Explosive Substance Act, 1908;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;
- Maharashtra Shops and Establishments Act, 1948.

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn towards Form MGT-9 Point IV(ii) regarding promoter shareholding.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, except below:

- M/s Sayeed Khan & Co, the Statutory Auditors of the Company for the period under review, has not subjected themselves to the peer review process prescribed by the Institute of Chartered Accountants of India and do not hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under Regulation 33(1)(d) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Form IEPF-2 for Statement of unclaimed and unpaid amounts of dividend was not filed within stipulated time period.
- Consequent upon change in the Registrar and Share Transfer Agent, the tripartite agreement for connectivity from NSDL is yet to be received.

- Investor complaint report to be filed under Regulation 13(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 for quarter ended 30th September, 2016 was not filed.

#### I 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.

Adequate notices are 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.

I 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.

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

I further report that during the audit period the company has issued and allotted 40,00,000 Equity Shares of Re.1/- each upon conversion of 20,00,000 warrants on 7th April, 2016 on preferential basis. The paid up capital of the Company as on 31st March, 2017 is ₹9,66,73,170/- (Rupees Nine Crores Sixty Six Lakhs Seventy Three Thousand One Hundred and Seventy only) divided into 9,66,73,170 Equity Shares of Re.1/- each fully paid. The aforesaid Equity Shares were admitted to dealings on the Platform of Bombay Stock Exchange Limited with effect from 31st May, 2016.

**For M/s. Mahesh Kandoi & Associates**  
Company Secretary

**Mahesh Kandoi**  
Proprietor

Membership No: ACS 4506  
COP:16150

Place : Mumbai  
Date : 14th August, 2017

Note : This report is to be read with our letter of even date that is annexed as Annexure I and forms an integral part of this report.



## 'Annexure I' to Secretarial Audit Report

To,  
The Members,  
**Kesar Petroproducts Limited.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of 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 verification was 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. Wherever 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 and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. Mahesh Kandoi & Associates**  
*Company Secretary*

**Mahesh Kandoi**  
*Proprietor*

Place : Mumbai  
Date : 14th August, 2017

Membership No: ACS 4506  
COP:16150

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## ANNEXURE 'IX' TO THE BOARD'S REPORT

### AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

**The Members of Kesar Petroproducts Limited,**

We have examined the compliance of the conditions of Corporate Governance by Kesar Petroproducts Limited ('The Company'), for the year ended on March 31, 2017, as stipulated in:

Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accounts of India.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by Directors and the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable during the year ended March 31, 2017.

We further state that such compliance 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 SAYEED KHAN & ASSOCIATES**

*Chartered Accountants*

FRN:125227W

**SAYEED KHAN**

*Proprietor*

M.No.117114

Place: Mumbai

Date: 14th August, 2017



## Independent Auditor's Report

To  
The Members of  
**KESAR PETROPRODUCTS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of KESAR PETROPRODUCTS LIMITED, which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view 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 Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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 31 March 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013. We give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order.

### 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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure 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 litigation with any authorities; hence there exists no reportable impact upon its financial position in its standalone Ind AS financial statements;
  - 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. The Company has provided requisite disclosures in Note 29 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on 8 November 2016 and 30 December 2016 as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **SAYEED KHAN & ASSOCIATES**  
*Chartered Accountants*  
 Firm Regd. No.125227W

**SAYEED KHAN**  
*Proprietor*  
 M.No.117114

PLACE: MUMBAI  
 Dated : 30/05/2017



## Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:-

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion physical verification is reasonable, having regards to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the year and the discrepancies noticed on such verification between the physical stock and the book records were not material. In our opinion, the frequency of such verification is reasonable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company does not have any transactions to which the provisions of Section 185 apply. The Company has complied with the provisions of Section 186 of the Act, with respect to the loans, investments, guarantees and security.
- (v) The company has not accepted any deposits from public.
- (vi) We have reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records u/s 148(1) of the Companies Act, 2013 in relation to products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, no dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute are unpaid.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a bank or government. There are no dues which are payable to financial institutions. The Company did not have any debenture holders during the year.
- (ix) The Company did not raise any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **SAYEED KHAN & ASSOCIATES**

*Chartered Accountants*

Firm Regd. No.125227W

**SAYEED KHAN**

*Proprietor*

M.No.117114

PLACE: MUMBAI

Dated : 30/05/2017



## Annexure B to the Independent Auditors' Report

### 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 KESAR PETROPRODUCTS Ltd ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS 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 ('ICAI'). 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 the 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 were 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the 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 standalone Ind AS financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

PLACE: MUMBAI  
Dated : 30/05/2017

For **SAYEED KHAN & ASSOCIATES**

*Chartered Accountants*

Firm Regd. No.125227W

**SAYEED KHAN**

*Proprietor*

M.No.117114


**BALANCE SHEET** AS AT 31 MARCH, 2017 :

(CURRENCY : AMOUNT IN ₹)

BALANCE SHEET AS AT 31 MARCH, 2017		(CURRENCY : AMOUNT IN ₹)			
Particulars	Note No.	As at 31 March, 2017		As at 31 March, 2016	
EQUITY AND LIABILITIES					
Shareholder's Funds					
(a) Share Capital	1	96,673,170		92,673,170	
(b) Reserves and Surplus	2	785,625,238		565,202,040	
(c) Money Received Against Share Warrants		-	882,298,408	-	657,875,210
Share Application Money Pending Allotment			-		5,901,999
Non-Current Liabilities					
(a) Long-Term Borrowings	3	46,511,336		94,382,130	
(b) Deffered Tax Liabilites (Net)		-		85,961	
(c) Other Long Term Liabilites		-		-	
(d) Long-Term Provisions		-	46,511,336	-	94,468,091
Current liabilities					
(a) Short-Term Borrowings		-		-	
(b) Trade Payables	4	291,433,901		174,258,873	
(c) Other Current Liabilites	5	3,709,620		2,263,017	
(d) Short-Term Provisions	6	47,177,848	342,321,369	28,336,268	204,858,158
TOTAL Rs.			1,271,131,113		963,103,458
ASSETS					
Non-Current Assets					
(i) Property, Plant and Equipment Assets	7	394,655,056		358,528,182	
(ii) Intangible Assets		-		-	
(iii) Capital Work-In-Progress		390,501		-	
(iv) Intangible Assets Under Development		-		-	
(b) Non-Current Investments		-		-	
(c) Deferred Tax Assets (Net)		327,325		-	
(d) Long-Term Loans and Advances	8	176,124		-	
(e) Other Non-Current Assets	9	272,584	395,821,590	363,443	358,891,625
Current Assets					
(a) Current Investments	10	10,000,000		-	
(b) Inventories	11	185,225,360		134,399,834	
(c) Trade Receivables	12	288,969,891		142,650,504	
(d) Cash and Cash Equivalents	13	54,100,824		65,412,563	
(e) Short-Term Loans & Advances and Deposits	14	337,013,448		261,748,932	
(f) Other Current Assets			875,309,523		604,211,833.00
TOTAL Rs.			1,271,131,113		963,103,458.00
Significant Accounting Policies & Notes on Financial Statement		21-36			

The accompanying Notes are an integral part of the financial statements

**As per my report of even date**
**For Sayeed Khan & Associates**

Chartered Accountants

Firm Regn. No. :125227W

**Sayeed Khan**

Proprietor

Membership No. :117114

Place: Mumbai

Dated : 30th May, 2017

**Mohit Kaushik**

Executive Director

DIN No. : 06463483

**Snehlata Sharma**

Non - Executive Director

DIN No. : 01854393

**For and on behalf of the Board of Directors**
**Parambadi Nair**

Company Secretary

**Manali More**

Chief Financial Officer

**STATEMENT OF PROFIT & LOSS** FOR THE YEAR ENDED 31 MARCH, 2017 :

(CURRENCY : AMOUNT IN ₹)

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
<b>INCOME:</b>			
Revenue from Operations	15	1,733,292,398	1,440,457,933
Other Income	16	11,008,816	4,393,599
<b>Total Revenue</b>		<b>1,744,301,214</b>	<b>1,444,851,532</b>
<b>EXPENDITURE:</b>			
Cost of Materials Consumed		1,229,945,710	1,172,219,268
Changes in inventories of Finished Goods,	17	(50,825,526)	(90,890,477)
Employee Benefits Expense	18	66,602,995	50,209,113
Finance Costs	19	6,134,359	1,312,309
Depreciation and Amortisation Expense	7	12,971,434	11,032,655
Other Expenses	20	225,809,830	153,587,741
<b>Total Expense</b>		<b>1,490,638,802</b>	<b>1,297,470,609</b>
Profit Before Tax		253,662,412	147,380,923
<b>Tax Expense:</b>			
Current Tax	53,252,500		27,271,948
Deferred Tax	413,286	(52,839,214)	922,362
<b>Profit for the year After Tax</b>		<b>200,823,198</b>	<b>121,031,337</b>
Earnings Per Equity Share - Basic & Diluted		2.08	1.31
Significant Accounting Policies & Notes on Financial Statement	21-36		

The accompanying Notes are an integral part of the financial statements

**As per my report of even date**
**For Sayeed Khan & Associates**

Chartered Accountants

Firm Regn. No. :125227W

**Sayeed Khan**

Proprietor

Membership No. :117114

Place: Mumbai

Dated : 30th May, 2017

**Mohit Kaushik**

Executive Director

DIN No. : 06463483

**Snehlata Sharma**

Non - Executive Director

DIN No. : 01854393

**For and on behalf of the Board of Directors**
**Parambadi Nair**

Company Secretary

**Manali More**

Chief Financial Officer



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017 :

(CURRENCY : AMOUNT IN ₹)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax and Extra Ordinary Items	253,662,412.30	147,380,923.00
<b>ADJUSTMENTS FOR :</b>		
Depreciation & Amortizations	12,971,434.00	11,032,655.00
Interests Paid	2,509,594.00	499,286.00
Other Non - Operating Income	(11,008,816.00)	(4,393,599.00)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>258,134,624.30</b>	<b>154,519,265.00</b>
<b>ADJUSTMENTS FOR:</b>		
(Increase)/Decrease in Current Assets	(282,409,429.00)	(44,892,305.00)
Increase/(Decrease) in Current Liabilities	118,621,631.00	(189,860,062.00)
(Increase)/Decrease in Net Current Assets	(163,787,798.00)	(234,752,367.00)
Income Tax Paid	(34,410,920.00)	(19,884,998.00)
Cash Generated From Operations	59,935,906.30	(100,118,100.00)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>59,935,906.30</b>	<b>(100,118,100.00)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Additions to Fixed Assets	(49,488,809.03)	(64,083.00)
Increase/Decrease to Non- Current Assets	90,859.00	90,861.00
Interests Paid	(2,509,594.00)	(499,286.00)
Other Non - Operating Income	11,008,816.00	4,393,599.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(40,898,728.03)</b>	<b>3,921,091.00</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Issuance of Shares	17,698,001	82,598,000.00
Increase/(Decrease) in Borrowings	(47,870,794.00)	40,653,591.00
Share Application money Received	-	5,901,999.00
(Increase)/Decrease in Advances	(176,124.00)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(30,348,917.00)</b>	<b>129,153,590.00</b>
<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(11,311,738.73)</b>	<b>32,956,581.00</b>
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>65,412,563.00</b>	<b>32,455,982.00</b>
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>54,100,824.27</b>	<b>65,412,563.00</b>

As per my report of even date

**For Sayeed Khan & Associates**

Chartered Accountants

Firm Regn. No. :125227W

**Sayeed Khan**

Proprietor

Membership No. :117114

Place: Mumbai

Dated : 30th May, 2017

**Mohit Kaushik**

Executive Director

DIN No. : 06463483

**Snehlata Sharma**

Non - Executive Director

DIN No. : 01854393

**For and on behalf of the Board of Directors**

**Parambadi Nair**

Company Secretary

**Manali More**

Chief Financial Officer

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

NOTE NO. 1 - SHARE CAPITAL:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>AUTHORISED SHARE CAPITAL:</b>		
350000000 Equity shares of Rs. 1/- each.	350,000,000	350,000,000
(Previous Year 350000000 Equity shares of Rs.1/- each)		
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
96673170 Equity Shares of Rs. 1/- Each		
Fully paid up (Previous Year 92673170 Equity Shares of Rs.1/- Each Fully Paid up)	96,673,170	92,673,170
<b>Total</b>	<b>96,673,170</b>	<b>92,673,170</b>

NOTE NO. 2 - RESERVES AND SURPLUS :

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017		As at 31 March, 2016	
Capital Subsidy from SICOM		3,000,000		3,000,000
Securities Premium		117,600,000		98,000,000
<b>Profit &amp; Loss Account</b>				
As per last Balance Sheet	183,545,780		62,514,444	
Add/(Less): Deferred Tax Assets/Liabilities	413,286		922,362	
	183,959,066		63,436,806	
Less: Provision for Taxation	(53,252,500)		(27,271,948)	
	130,706,566		36,164,858	
Add: Profit for the year	253,662,412	384,368,978	147,380,922	183,545,780
<b>Revaluation Reserves</b>		280,656,260		280,656,260
<b>Total</b>		<b>785,625,238</b>		<b>565,202,040</b>

NOTE NO. 3 - LONG TERM BORROWING:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>SECURED LOANS</b>		
Other Loans & Advances		
a) Other Secured Loans	46,509,566	41,133,106
<b>UNSECURED LOANS</b>		
Other Loans & Advances		
a) Others	1,770	53,249,024
<b>Total</b>	<b>46,511,336</b>	<b>94,382,130</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### NOTE NO. 4 - TRADE PAYABLES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Micro, Small and Medium Enterprises	-	-
Others	291,433,901	174,258,873
<b>Total</b>	<b>291,433,901</b>	<b>174,258,873</b>

### NOTE NO. 5 - OTHER CURRENT LIABILITIES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Other Liabilities	-	58,390
Unclaimed Dividend	601,601	601,601
Statutory Dues	3,108,019	1,603,026
<b>Total</b>	<b>3,709,620</b>	<b>2,263,017</b>

### NOTE NO. 6 - SHORT TERM PROVISIONS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision For Income Tax Previous Year	-	1,064,320
Provision For Income Tax	47,177,848	27,271,948
<b>Total</b>	<b>47,177,848</b>	<b>28,336,268</b>

### NOTE NO. 7 - PROPERTY, PLANT AND EQUIPMENT (AT COST) AS AT 31 MARCH, 2017:

(CURRENCY : AMOUNT IN ₹)

Particulars	Cost as at 01 April, 2016	Addition	Balance as on 31 March, 2017	Up to 01 April, 2016	For the year	Up to 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
Building - Non Plant	32,176,620.00	-	32,176,620.00	2,214,314.40	507,694.30	2,722,008.70	29,454,611.30	29,962,305.60
Building - Plant	97,743,800.00	-	97,743,800.00	7,912,126.08	3,094,233.24	11,006,359.32	86,737,440.68	89,831,673.92
Factory & Office Equipment	264,349.00	2,621,116.00	2,885,465.00	245,561.69	40,126.59	285,688.28	2,599,776.72	18,787.31
Furniture, Fixture & Fittings	408,254.00	14,056,105.25	14,464,359.25	153,622.56	213,674.85	367,297.41	14,097,061.84	254,631.44
Land(Lease Hold)	154,708,800.00	-	154,708,800.00	13,014.00	-	13,014.00	154,695,786.00	154,695,786.00
Laptop	26,750.00	239,358.38	266,108.38	26,750.00	49,777.70	76,527.70	189,580.68	-
Plant & Machinery	115,000,000.00	24,004,731.40	139,004,731.40	31,707,151.85	8,050,781.48	39,757,933.33	99,246,798.07	83,292,848.15
Vehicles	734,315.00	8,176,997.00	8,911,312.00	262,165.14	1,015,145.84	1,277,310.98	7,634,001.02	472,149.86
<b>TOTAL</b>	<b>401,062,888.00</b>	<b>49,098,308.03</b>	<b>450,161,196.03</b>	<b>42,534,705.72</b>	<b>12,971,434.00</b>	<b>55,506,139.72</b>	<b>394,655,056.00</b>	<b>358,528,182.28</b>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

NOTE NO. 8 - LONG TERM LOANS AND ADVANCES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Other Loans & Advances	176,124	-
<b>Total</b>	<b>176,124</b>	<b>-</b>

NOTE NO. 9 - OTHER NON CURRENT ASSETS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Unamortized Expenses	272,584	363,443
<b>Total</b>	<b>272,584</b>	<b>363,443</b>

NOTE NO. 10 - CURRENT INVESTMENT:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Others Current Investment	10,000,000	-
<b>Total</b>	<b>10,000,000</b>	<b>-</b>

NOTE NO. 11 - INVENTORIES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(As per inventory cerified & valued by the management)		
Raw Materials including Stores & Spares	185,225,360	134,399,834
<b>Total</b>	<b>185,225,360</b>	<b>134,399,834</b>

NOTE NO. 12 - TRADE RECEIVABLES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Outstanding for more than 6 months from the due date	9,275,864	3,061,614
Outstanding for less than 6 months from the due date	279,694,027	139,588,890
<b>Total</b>	<b>288,969,891</b>	<b>142,650,504</b>

NOTE NO. 13 - CASH AND CASH EQUIVALENTS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Balance with Banks in Current Accounts:	53,525,685	63,001,012
Cash on Hand	575,139	2,411,551
<b>Total</b>	<b>54,100,824</b>	<b>65,412,563</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### NOTE NO. 14 - SHORT TERM LOANS AND ADVANCES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Others Loans & Advances Recoverable	337,013,448	261,748,932
<b>Total</b>	<b>337,013,448</b>	<b>261,748,932</b>

### NOTE NO. 15 - REVENUE FROM OPERATIONS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Sale of products	1,601,709,248	1,436,227,611
Other Operating Revenues	131,583,150	4,230,322
<b>Total</b>	<b>1,733,292,398</b>	<b>1,440,457,933</b>

### NOTE NO. 15.1 - PARTICULARS OF SALE OF PRODUCTS:

(CURRENCY : AMOUNT IN ₹)

Particulars		As at 31 March, 2017	As at 31 March, 2016
Local Sales (A)		1,471,925,582	1,384,545,457
Exports sales - Including Deemed Export "H" Form (B)		129,783,666	51,682,154
<b>Total (A)+(B)</b>		<b>1,601,709,248</b>	<b>1,436,227,611</b>

### NOTE NO. 16 - OTHER INCOME:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Discount Recd	1,553,975	-
Rent received	313,591	25,370
Interest Recd	7,913,966	4,368,229
Exchange Rate Fluctuation	1,227,284	-
<b>Total</b>	<b>11,008,816</b>	<b>4,393,599</b>

### NOTE NO. 17 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening Balance	134,399,834	43,509,356
Less : Closing Stock	(185,225,360)	(134,399,833)
<b>Total</b>	<b>(50,825,526)</b>	<b>(90,890,477)</b>

### NOTE NO. 18 - EMPLOYEES BENEFITS EXPENSES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Salaries & Wages	64,500,056	49,083,678
Staff Welfare	2,102,939	1,125,435
<b>Total</b>	<b>66,602,995</b>	<b>50,209,113</b>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

NOTE NO. 19 - FINANCE COSTS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Bank Charges	3,062,148	486,841
Interest on other Loan	2,509,594	499,286
Listing fees	562,617	211,400
License Charges	-	114,782
<b>Total</b>	<b>6,134,359</b>	<b>1,312,309</b>

NOTE NO. 20 - OTHER EXPENSES:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Discount Allowed	8,367,201	13,152,968
Electricity & Water	79,001,114	54,513,891
Stores & Spares, Other Factory Expenses	6,333,589	32,674,525
Repairs & Maintenance	4,296,480	4,370,212
Fees, Subscriptions & Rates	190,550	792,376
Insurance	2,174,283	386,543
Interest on Delayed Payments of Statutory Dues	259,087	422,425
Printing & Stationery	983,250	456,392
Postage, Telephone & Telex	1,166,703	1,041,688
Travelling & Conveyance	3,261,896	3,024,033
Advertisement & Publicity	300,955	-
Legal & Professional Charges	14,555,600	6,459,329
Auditors Remuneration	65,000	70,000
Transport & Handling	38,497,238	19,005,378
Office Expenses	732,534	9,007,029
Exchange Rate Fluctuation	-	1,153,834
Labour Charges	37,974,266	1,018,046
Security Charges	2,289,420	-
Selling & Distribution Costs	288,222	341,270
Registration Fees	98,700	-
AMC Charges	204,530	145,394
Computer Expenses	64,559	106,547
Petrol & Diesel Exp	3,814,730	2,335,597
Donation	257,412	233,314
Guest House Expenses	234,170	977,650
Loading & Unloading Charges	5,634,799	-
Motor Car Exps	630,972	1,014,837
Preliminary Expenses W/off	90,860	90,860
Service Charges	297,920	-
Provision for Corporate Social Responsibility	1,561,787	464,000
Rate Difference	1,200,000	79,603
Rent Paid	5,058,680	250,000
Foreign Travel Expenses	3,145,249	-
Penalty on Taxes	156,784	-
Service Tax on Various Services	638,406	-
Sundry Expenses	1,489,004	-
Packing & Forwarding	493,880	-
<b>Total</b>	<b>225,809,830</b>	<b>153,587,741</b>



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### NOTE NO. 21 - CORPORATE INFORMATION & HISTORY:

- Kesar Petroproducts Limited is a Public Company incorporated on 1st January, 1990 under the Provisions of the Companies Act, 1956.
- The Principal Business of the Company is to manufacture organic chemicals - Bisphenol-A.
- The Registered Office of the Company is situated at D-7/1, M.I.D.C., Lote Parshuram, Taluka – Khed, District – Ratnagiri – 415722.

### NOTE NO. 22 - SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of Preparation of Financial Statements:

- The Company is listed in the Bombay Stock Exchange Limited. The Net Worth of the Company as on 1st April, 2016 was Rs. 65.79 Crores and accordingly, Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 is not applicable to the Company. In view of this, the Indian Accounting Standards (Ind AS) are not applicable to the Company for the Financial Year 2016-17.
- These Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles, accepted in India under the Historical Cost Convention ignoring changes, if any, in the purchasing power of money and on accounting principles of going concern.
- All revenues and expenses are accounted on accrual basis.
- Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.
- These Financial Statements comply in all Material Aspects with the applicable Provisions of the Companies Act, 2013.

#### (b) Use of Estimates:

- The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.
- Actual results could differ from these estimates. Any revision of accounting estimates is recognized prospectively in current and future period.

#### (c) Revenue Recognition:

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.
- Revenue in respect of sale of products is recognized at the point of dispatch to customers.
- Sales comprise of value of sale of goods (Net of returns) excluding Sales Tax and Excise Duty.
- Revenue in respect of investments is recognized as and when these incomes are ascertained and quantified.
- Income from Services is recognized as and when the services are rendered.
- Export benefits are recognized in the profit and loss account when the right to receive credit as per the terms of the entitlement is established in respect of exports made.
- Dividend income is recognized when the right to receive dividend is established.
- Lease income under operating lease is recognized in Profit and Loss Account on the basis of accrual of income as per terms of the agreement.
- Interest Income is recognised on the time proportionate basis.
- Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

#### (d) Property, Plant and Equipment:

- Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.
- Capital work in progress is stated at cost.
- Cost comprises the purchase price and any attributable cost of bringing asset to its working condition for its intended use only.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

- Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- All repair and maintenance costs are recognised in profit or loss as incurred.
- Leasehold land – amortised on a straight line basis over the period of the lease ranging from 95 years – 99 years.
- Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.
- The Company has used the following useful lives to provide depreciation on its fixed assets. The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Asset Class	Useful Life
Buildings – Plant	30 years
Buildings – Non Plant	60 years
Computers	3 years
Office Equipment	15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Plant & Machinery	15 years
Motor Vehicles	8 years

- The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

### (e) Leases:

#### • Finance lease :

Assets taken by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payment and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

#### • Operating lease :

Lease arrangements where the risks and rewards incidental to ownership of an assets substantially vest with the lessor, are recognized as operating lease. Operating lease payment are recognized on a straight line term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

### (f) Investments:

- Long term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long term investments are stated at the lower of cost and fair value.

### (g) Current versus Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- 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.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

- The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### (h) Inventories:

- Raw materials including consumables and stores & spares are valued at cost. The cost determined on the basis of FIFO method.
- Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing cost. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
- Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
- Net Realisable Value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (i) Provisions, Contingent Liabilities and Contingent Assets:

- A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### (j) Borrowing Costs:

- Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.
- Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### (k) Research and Development Costs (Product Development):

- Revenue Expenditure on Research and Development is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets.

### (l) Foreign Exchange Transactions

- All transactions denominated in foreign currencies are translated at the rate of the exchange on the day the transaction occurs. Assets & liabilities denominated in foreign currency are translated at the exchange rates ruling on the balance sheet date. Exchange differences arising on foreign currency transactions are included in the profit & loss account.
- The result and cash flows of overseas subsidiary and associated undertakings and joint ventures are translated at average rates of exchange for the year. The assets and liabilities of subsidiary undertakings and investment in associated undertaking and joint venture

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

are translated at rates ruling on the balance sheet date .Exchange differences arising on translation of net investment in overseas subsidiary and associated undertakings and joint ventures are dealt with through reserves, together with exchange difference on the translation of foreign currency borrowings and forward foreign currency contracts used to hedge such investments.

### (m) Employee Benefits:

- Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits.

The benefits like salaries, wages, short term compensated absences, encashment of leave etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

### • Post-Employment Benefits, Long Term benefits and Termination Benefits:

Gratuity liability under the Payment of Gratuity Act and encashment of leaves are accounted on cash basis, i.e. as and when paid.

### (n) Segment Reporting:

- Based on the guiding principles given in Accounting Standards on "Segment Reporting (AS-17) issued by the ICAI and on the basis of Management Certification, the Company's primary business segment is Chemicals.
- As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard does not arise.

### (o) Earnings Per Share:

- In accordance with Accounting Standard –20 "Earning per Share", Basic Earnings per Share is computed by using the weighted average number of shares outstanding during the year.
- The Basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.
- Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

### (p) Accounting For Income Tax

- Provision for Current Income Tax is made on the assessable income at the tax rate applicable to the relevant assessment year.
- Deferred Income Taxes are recognised for future tax consequences attributable to "timing difference" between the determination of income as per the financial statement and their recognition for tax purpose.
- The Deferred Tax resulting from such "timing difference" is accounted for using the Tax Rates & Laws that have been enacted or substantially enacted as on the date of balance sheet.
- Deferred Tax Assets are recognised and carried forwarded only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### NOTE NO. 23:

The figures of the previous years have been regrouped/rearranged wherever necessary and the figures are rounded off to the nearest rupee.

### NOTE NO. 24:

In the opinion of the board, unless otherwise stated in the Balance Sheet and schedules attached thereto, the current assets and loans and advances as stated in the balance sheet are approximately of the value realizable in the ordinary course of business and provisions for all known liabilities for the period have been made in the books of accounts of the company.

### NOTE NO. 25: SECURED LOANS:

#### • Other Secured Loans includes:

- (a) Loan from M/s. Malvika Harbopharma Pvt. Ltd. which is secured by a 1st charge upon all the Fixed Assets including the Housing Colony.
- (b) Loan from BMW India Financial Services Pvt. Ltd. which is secured by a 1st charge upon the BMW Motor Car owned by the Company.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### NOTE NO. 26 - SALES TAX DEFERRAL SCHEME LIABILITY:

- The company has opted for Deferral Scheme of Sales Tax liability with effect from 01/07/2003. Accordingly the sales tax liability of Rs. 31.20 Lacs (Previous Year - Rs. 31.20 Lacs) shall be repayable after nine years in five equal annual installments.

### NOTE NO. 27 - TRADE PAYABLE:

- The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made.

### NOTE NO. 28 - CASH AND CASH EQUIVALENTS:

- Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in table below:

(CURRENCY : AMOUNT IN ₹)

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	13,500/-	1,03,969/-	1,17,469/-
(+) Permitted receipts	Nil	11,39,922	11,39,922
(-) Permitted payments	Nil	(10,98,717)	(10,98,717)
(-) Amount deposited in Banks	13,500/-	Nil	(13,500)
<b>Closing cash in hand as on 30.12.2016</b>	<b>Nil</b>	<b>1,45,174/-</b>	<b>1,45,174/-</b>

### NOTE NO. 29 - PAYMENT TO AUDITORS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Statutory Audit Fees	35,000	35,000
Tax Audit Fees	30,000	35,000
<b>Total</b>	<b>65,000</b>	<b>70,000</b>

### NOTE NO. 30 - VALUE OF IMPORTS ON CIF BASIS:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Value of Imports on CIF Basis	9,87,93,603	10,70,18,152
<b>Total</b>	<b>9,87,93,603</b>	<b>10,70,18,152</b>

### NOTE NO. 31 - EXPENDITURE IN FOREIGN CURRENCY:

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Expenditure in Foreign Currency	10,19,38,852	Nil
<b>Total</b>	<b>10,19,38,852</b>	<b>Nil</b>

**NOTES ON FINANCIAL STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2017 :

**NOTE NO. 32 - EARNINGS IN FOREIGN CURRENCY:**

(CURRENCY : AMOUNT IN ₹)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Earnings in Foreign Currency	4,49,13,566	5,16,82,154
<b>Total</b>	<b>4,49,13,566</b>	<b>5,16,82,154</b>

**NOTE NO. 33 - RELATED PARTY TRANSACTIONS:**

Disclosure regarding parties and transactions as required by AS - 18 issued by the Institute of Chartered Accountants of India are as under:-

**(a) NAME OF RELATED PARTY AND THEIR RELATIONSHIP**

<b>a. Associate Company</b>	None.
<b>b. Directors</b>	i) Mr. Nazirsahab M. Sayyed ii) Mr. Mohit Kaushik iii) Mr. Kanayo D. Fatnani iv) Mrs. Snehlata Sharma
<b>c. Key Managerial Personnel</b>	i) Manali More ii) Anil Rajkotia – Company Secretary & Compliance Officer iii) P. M. Nair – Company Secretary & Compliance Officer (Appointed w.e.f. 01.06.16)

**(b) TRANSACTIONS WITH RELATED PARTY**

Sr. No.	Related Party	Designation	Amount Paid (Per Year)
1	Mohit Kaushik	Executive Director	3,10,000
2	Manali More	Chief Financial Officer	5,82,000
3	Anil Rajkotia	Company Secretary	22,500
4	P. M. Nair	Company Secretary	92,300

**NOTE NO. 34 - EARNINGS PER SHARE:**

(CURRENCY : AMOUNT IN ₹)

Particulars	Year ended 31 March	
	As at 31 March, 2017	As at 31 March, 2016
a. Profit/(Loss) after tax as per P&L Account	20,08,23,199	12,10,31,337
b. Number of Equity Shares of Rs. 1/- each (Previous Year, Number of Equity Shares of Rs. 10/- each)	9,66,73,170	9,26,73,170
c. Basic EPS	2.08	1.31
d. Diluted EPS	2.08	1.25
e. Face Value per Equity Shares	1	1



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 :

### NOTE NO. 35 - ACCOUNTING FOR TAXES:

(CURRENCY : AMOUNT IN ₹)

Particulars	Year ended 31 March			
	2016-17		2015-16	
Deferred Tax Asset / (Liability) - Opening		(0.80)		(10.08)
Less: Deferred Tax Asset for the Year :				
Depreciation as per Companies Act	129.71		110.00	
Depreciation as per IT Act	117.77	11.94	79.00	30.00
Deferred Rate of Tax		4.13		9.20
Deferred Tax Asset / (Liability) - Closing		3.33		(0.80)

#### As per my report of even date

##### For Sayeed Khan & Associates

Chartered Accountants

Firm Regn. No. :125227W

##### Sayeed Khan

Proprietor

Membership No. :117114

Place: Mumbai

Dated : 30th May, 2017

##### Mohit Kaushik

Executive Director

DIN No. : 06463483

##### Snehlata Sharma

Non - Executive Director

DIN No. : 01854393

##### For and on behalf of the Board of Directors

##### Parambadi Nair

Company Secretary

##### Manali More

Chief Financial Officer

**KESAR PETROPRODUCTS LIMITED**

Registered Office: D-7/1, M.I.D.C., Lote Parshuram, Taluka - Khed, District - Ratnagiri - 415722

CIN: L23209PN1990PLC054829

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

I, hereby record my attendance at the 27th Annual General Meeting to be held on Thursday 28th September, 2017 at 11.00 A.M. at the Registered Office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka - Khed, District - Ratnagiri - 415722.

*DP ID :		**FOLIO NO:
*CLIENT ID :		
Name and Address of Member / Proxy Holder		
Number of shares held:		

\*To be filled by Shareholders holding shares in dematerialised form.

\*\*To be filled by shareholder holding shares in physical form.

I certify that I am a member / proxy / authorized representative for the members of the Company.

\_\_\_\_\_  
Signature of the  
Share Holder or Proxy



**KESAR PETROPRODUCTS LIMITED**

Registered Office: D-7/1, M.I.D.C., Lote Parshuram, Taluka - Khed, District - Ratnagiri - 415722  
CIN: L23209PN1990PLC054829

**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:	L23209PN1990PLC054829
Name of the Company:	KESAR PETROPRODUCTS LIMITED
Registered Office:	D-7/1, M.I.D.C., Lote Parshuram, Taluka – Khed, District – Ratnagiri – 415722.
Name of the member(s)	
Registered address	
Email ID:	
Folio No /	
Client ID / DP ID:	

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

1.	Name	
	Address	
	Email Id	
	Signature	Or failing him / her
2.	Name	
	Address	
	Email Id	
	Signature	Or failing him / her
3.	Name	
	Address	
	Email Id	
	Signature	

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting to be held on Thursday 28th September, 2017 at 11.00 A.M. at the Registered Office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka - Khed, District - Ratnagiri - 415722 and at any adjournment thereof in respect of such resolutions as indicated below:

Sr. No.	Resolution	For	Against
<b>Ordinary Business:</b>			
1.	Adoption of Audited Financial Statement for the year ended 31st March, 2017 along with report of Board and Auditors thereon.		
2.	To appoint a Director in place of Mr. Mohit P. Kaushik, who retires by rotation and being eligible offers himself for re-appointment.		
3.	Appointment of M/s A. Sachdev Co., Chartered Accountants, Mumbai as Statutory Auditors of the Company and to fix their remuneration.		
<b>Special Business:</b>			
4.	To approve the appointment of Mr. K. D. Fatnani as Director of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature of member : \_\_\_\_\_

Signature of Proxy Holder (s): \_\_\_\_\_

Affix ₹1/-  
revenue  
stamp

**NOTE:** The Proxy Form in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company not less than 48 before the commencement of the Annual General Meeting.







**Kesar Petroproducts Limited**

Registered Office: D 7/1, MIDC Industrial Area,  
Lote Parshuram, Taluka Khed, District Ratnagiri, Maharashtra, India