

# KPL EXPORTS PVT. LTD.

"PAN PARAG HOUSE"

24/19, THE MALL,

KANPUR-208001

Phone No.: 0512-2312171

E-mail Id: [rkgupta@kothariproductions.in](mailto:rkgupta@kothariproductions.in)

(U74900UP2008PTC035118)

## DIRECTORS' REPORT

### TO THE MEMBERS:

The Board of Directors of your Company feel delighted in presenting its Eight Annual Report and Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2016.

### FINANCIAL PERFORMANCE:

(Amount in Lacs)

	FINANCIAL YEAR ENDED 31.03.2016	FINANCIAL YEAR ENDED 31.03.2015
Sales	108715	102351
Other Income	4569	3361
<b>Profit before Taxation</b>	<b>2308</b>	<b>2285</b>
Provision for Taxation:		
-Current Tax	800	780
-Deferred Tax	13	16
-Tax Adjustments for earlier years	(2)	9
<b>Profit after Tax</b>	<b>1497</b>	<b>1479</b>
Add : Balance of Profit brought forward from previous year	5203	3723
Profit available for appropriation	6699	5203
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	0	0
Proposed Dividend	0	0
Additional Tax on Proposed Dividend	0	0
Balance of Profit carried forward	6699	5203

### 2015 IN RETROSPECT:

Your Directors are to report that the Company's sales turnover during the year under review has increased to Rs. **108715** Lacs as against Rs. **102351** Lacs during the previous financial year. The profit before tax during the year under review has also increased marginally to Rs. **2308** Lacs as against Rs. **2285** Lacs in the previous year. Similarly, the profit after tax has also increased to Rs. **1497** Lacs as against Rs. **1479** Lacs in 2015. The Directors are making all endeavors to give still better performance in future.

### EXPORT BUSINESS:

During the aforesaid period the Company has exported various commodities to various countries amounting to Rs. 106841 lacs as against Rs. 98402 Lacs in the previous year.

**DIVIDEND:**

Your Directors do not recommend any Dividend for the financial year under review to conserve resources for future purposes.

**DIRECTORS:**

Sri Mitesh Kothari, Director of the Company, retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

**APPOINTMENT OF COMPANY SECRETARY**

Pursuant to the provision of section 203 of the Companies Act, 2013 read alongwith Rule 8A of the Companies(Appointment & Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Ankita Bansal, bearing ACS No. 44105, as Whole time Company Secretary of the Company w.e.f. 17<sup>th</sup> March. 2016.

**NUMBER OF THE BOARD MEETINGS**

The Company held Seven Board Meetings during the year 2015-16.

**DIRECTORS RESPONSIBILITY STATEMENT:**

As required under Sec.134 (3) (c) read with Sec. 134(5) of the Companies Act, 2013, your Directors confirm:

- (i) That in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed;
- (ii) that 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 at the end of the financial year and of the profit of the company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the year under review on a going concern basis.
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**DECLARATION BY INDEPENDENT DIRECTORS**

Sri Pramod Kumar Tandon, Sri Kamlesh Mehta and Smt. Reema Shah are Independent Directors on the Board of the Company. All the above named Independent Directors have given their respective declarations under Section 149(6) of the Companies Act, 2013 and the Rules made thereunder. In the opinion of the Board, the Independent Directors fulfill the conditions relating to their status as Independent Directors as specified in Section 149 of the Companies Act, 2013 and the Rules made thereunder.

**AUDITORS & AUDITORS' REPORT:**

M/s Mehrotra & Mehrotra, Chartered Accountants, Auditors of the Company, retire at the ensuing annual general meeting and are eligible for reappointment. There are no

qualifications or adverse remarks in the Auditors Report which call for explanation by the Directors.

#### **SECRETARIAL AUDIT & ITS REPORT**

As required by section 204 of The Companies Act, 2013, Mr.Saurabh Gupta of M/s Gupta Saurabh & Associates, Practicing Company Secretary of Kanpur was appointed as the Secretarial Auditor of the Company and he has carried out the Secretarial Audit of the Company and has submitted his Report which is annexed to this report as 'Annexure-1'.

There are no qualification, reservation, adverse remark in the Secretarial Auditors' Report which need explanation in the Directors' Report.

#### **LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, guarantees and investments, if any, covered under sec.186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 are given in the Note No. 30 to the financial Statements.

Further, The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 have been enclosed with the report in the prescribed format AOC-2 as 'Annexure-8'.

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

The information required under Section 134(3)(M) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 is as under:-

##### **[A] CONSERVATION OF ENERGY**

- a) Energy Conservation Measures taken: The Company has taken all measures for conservation of energy most economically.
- b) The steps taken by the Company for utilizing alternate source of energy:- No such steps have been taken by the Company.
- c) The capital Investments on energy conservation equipments:- No such investment has been made by the Company
- d) Impact of measures at (a) above for energy conservation:- These measures have led to consumption of energy more economically.

##### **[B] TECHNOLOGY ABSORPTION:**

Since there is no manufacturing activity in the Company hence the information under this heading is not applicable to the Company.

##### **[C] FOREIGN EXCHANGE EARNINGS AND OUTGO :**

		(Amount in Lacs)	
		CURRENT YEAR	PREVIOUS YEAR
a)	Earning in Foreign Exchange	106841	98402
b)	Expenditure in Foreign Currency	105183	100072

**INDUSTRIAL RELATIONS :**

Cordial and harmonious industrial relations prevailed throughout the year.

**COMMITTEES OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013 the Company has constituted following committees and their composition is as under:-

## 1. Audit Committee.

NAMES OF THE DIRECTOR	DESIGNATION IN COMMITTEE
Sri Deepak Kothari	Chairman
Sri Pramod Kumar Tandon	Member
Sri Kamlesh Mehta	Member

## 2. Nomination &amp; Remuneration Committee.

NAMES OF DIRECTORS	DESIGNATION IN COMMITTEE
Sri Deepak Kothari	Chairman
Sri Kamlesh N. Mehta	Member
Sri Pramod Kumar Tandon	Member

## 3. Corporate Social Responsibility Committee.

NAMES OF DIRECTORS	DESIGNATION IN COMMITTEE
Sri Deepak Kothari	Chairman
Sri Pramod Kumar Tandon	Member
Sri Mitesh Kothari	Member

**POLICIES OF THE COMPANY**

Pursuant to the provisions of the Companies Act, 2013, the Company has framed following Policies:-

1. **Corporate Social responsibility policy:**

The details of the Corporate Social responsibility policies are mentioned as 'Annexure-2' to this report.

2. **Nomination & Remuneration policy:**

The details of the Corporate Social responsibility policies are mentioned as 'Annexure-3' to this report.

3. **Whistle Blower/ Vigil Mechanism Policy**

The Board has adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the Company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives a platform to the Whistle blower to report any unethical or improper practice (not necessary violation of law) and to define processes for receiving and investigating complaints. The company has assigned the email ID- [anuragtandon@gmail.com](mailto:anuragtandon@gmail.com) or [deepakkothari@panparag.com](mailto:deepakkothari@panparag.com) on which anyone can report or send written complaint to the Vigilance Officer, Director and the Chairman of the Audit Committee. The confidentiality of those reporting violations is

maintained and they are not subjected to any discriminatory practice. The details of the Whistle Blower/Vigil Mechanism Policy are mentioned as 'Annexure-4' to this report.

#### **4. Risk Management policy**

The Company has developed and implemented Risk Management Policy for the Company which inter-alia includes identification therein elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The details of Risk Management Policy are mentioned as 'Annexure-5' to this report.

#### **ISSUE OF RIGHT EQUITY SHARES**

As you are aware that your Directors had, during the year under review, proposed to issue 40,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 250/- per share amounting to Rs.1,04,00,00,000 through Right Issue in the ratio of 2 Equity Shares for every 1 Equity Share held as on 12<sup>th</sup> August, 2015, being the record date fixed for the purpose. The aforesaid Equity Shares have been allotted to the eligible shareholders on 17<sup>th</sup> September, 2015.

#### **SHARE CAPITAL:**

The entire share capital of the Company is held by Kothari Products Ltd. and accordingly the Company is a wholly owned subsidiary of Kothari Products Ltd.

#### **CHANGES IN SHARE CAPITAL:**

The Company has increased the authorized share capital of the Company from Rupees Two Crores (Rs.2,00,00,000/-) divided into Twenty Lakh (20,00,000) Equity Shares of Rs.10/- each to Rupees Ten Crores (Rs. 10,00,00,000/-) divided into One Crore (1,00,00,000) Equity Shares of Rs.10/- each after obtaining your approval through the Extra Ordinary General Meeting held on 11<sup>th</sup> August, 2015, to facilitate Issue of aforesaid Right Shares. Further, the paid-up share capital of the Company has also been increased, post allotment of aforesaid Right Shares on 17<sup>th</sup> September, 2015, from Rupees Two Crores (Rs.2,00,00,000/-) divided into Twenty Lacs (20,00,000) Equity Shares of Rs.10/- each to Rupees Six Crores (Rs.6,00,00,000/-) divided into Sixty Lacs (60,00,000) Equity Shares of Rs.10/- each.

#### **EXTRACTS OF THE ANNUAL RETURN**

As per Section 92(3) of The Companies Act, 2013, read with Rule 12 of The Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of the Company in Form No. MGT-9 is attached to this report as 'Annexure-6'.

#### **DEPOSITS**

The Company has not accepted any Deposits hence the particulars relating to the aforesaid are not applicable.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There are no significant, material orders passed by the regulators or courts or tribunal which would impact the going concern status of the Company and its future operations.

#### **PARTICULARS OF EMPLOYEES:**

There are no employees who were in receipt of remuneration as specified in Sec. 197(12) of the Companies Act, 2013.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place, an Anti-sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention & Redressal) Act, 2013.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment if any. All employees (Permanent, Contractual, Temporary, Trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal.

**MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION**

There have been no material changes and commitments which have occurred between the end of Financial Year and the date of this report which can have impact on financial position of the Company.

**INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has in place adequate Internal Financial Control Systems & other internal control procedures commensurate with the size of the company and the nature of its business to ensure proper recording of financial & operational information and compliance of various statutory compliances.

**SUBSIDIARIES JOINT VENTURES AND ASSOCIATES**

M/s. Raj Power Parts & Engg. Co. Pvt. Ltd. is an Associate Company of the Company and the Company holds 49.34% stake in the aforesaid company.

There are no Subsidiaries or Joint Venture Companies of the Company.

**ANNUAL REPORT ON CSR ACTIVITIES**

As required by the Companies (Corporate Social Responsibility Policy) Rules, 2014 the annual report on CSR activities undertaken by the Company during the year under review is attached as 'Annexure-7' to this Directors Report.

**BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Nomination & Remuneration Committee has carried out an Annual Performance evaluation of the Board, its Committees and the Directors individually.


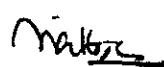
**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation for the co-operation and support extended by various Government Departments, Bankers etc.

By order of the Board  
For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

  
✓ (DEEPAK KOTHARI) (MITESH KOTHARI)  
DIRECTOR DIRECTOR  


**Secretarial Audit Report**

For the Financial year ended 31<sup>st</sup> March 2016

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

To,  
The Members of  
KPL Exports Private Limited,  
Pan parag House, 24/19, The Mall,  
Kanpur—208001 U.P.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KPL Exports Private Limited (U74900UP2008PTC035118) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

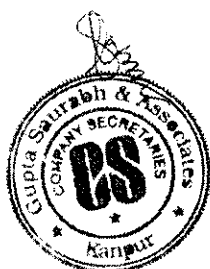
Based on our verification of the KPL Exports Private Limited, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the



audit period covering financial year ended on 31<sup>st</sup> March 2016 ('Audit Period') 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 KPL Exports Private Limited ("The Company" is 100 % subsidiary of Kothari Products Limited, a Listed Company) for the period ended on 31<sup>st</sup> March 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; (Not Applicable to the Company);
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not Applicable to the Company);
- 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 (Not Applicable to the Company);
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-





- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to the Company);
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not Applicable to the Company);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock option purchase Guidelines, 1999 (Not Applicable to the Company);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the Company);
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company);



VI. All other relevant laws applicable to the Company as per the list provided by the management. The examination and reporting on those laws and rules are limited to whether there are adequate systems and processes in place to monitor and ensure compliance with those laws.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

**I further report that**

The Board of Director of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no Changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and details notes on agenda were sent in advance 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.



Decisions at the Board meeting and committee meetings were carried through on the basis of majority as recorded in the minutes of the meetings. As represented by the Management, there were no dissenting views by any member of the Board of Directors or committee of the Board as the case may be during the period under review. Company Secretary was appointed pursuant to the provisions of Section 203 of the Act.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me generally there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events / actions such as public issue of securities, buy back, merger, amalgamation etc. Authorized share capital was increased from Rupees Two Crores to Rupees Ten Crore. Company has issued and allotted forty lacs equity shares of Rupees ten each at a premium of Rupees two hundred fifty per share on right basis (Rights offer from 16/08/2015 to 31/08/2015) to existing shareholders (Kothari Products Limited, holding Company and its six nominees) and the amount was received through normal banking channel and kept in existing current account of the Company.

Place : Kanpur  
Date : May 19, 2016



for Gupta Saurabh & Associates  
Company Secretaries

  
Saurabh Gupta

FCS No. 5468 C P No. 4910

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

To,  
The Members of  
KPL Exports Private Limited,  
Pan parag House, 24/19, The Mall,  
Kanpur—208001 U.P.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of 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 Gupta Saurabh & Associates  
Company Secretaries

Place : Kanpur  
Date : May 19, 2016



*Saurabh Gupta*  
Saurabh Gupta

FCS No. 5468 C P No. 4910

## **Annexure-2 To The Directors' Report**

<p style="text-align: center;"><b><u>CORPORATE SOCIAL RESPONSIBILITY POLICY</u></b> <b><u>OF</u></b> <b><u>KPL EXPORTS PVT.LTD.</u></b></p>
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1. **Introduction**

The Board of Directors ("The Board") of KPL Exports Pvt. Ltd.(hereinafter referred to as the Company)has adopted the following policy and procedures with regard to Corporate Social Responsibility. The Board may review and amend this policy from time to time subject to recommendations of Corporate Social Responsibility committee.

2. **Policy Objective**

The Company is committed to conduct its business in a socially responsible, ethical and environmentally friendly manner and to continuously work towards improving quality of life of the communities in its operational areas.

3. **Principles**

The Corporate Social Responsibility activities of the Company will be implemented in accordance with the following principles :

- Businesses should respect, protect and make efforts to restore the environment.
- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Businesses should respect and promote human rights.
- Business should work towards equal development of society.
- Business should respect cultural ethnicity and dignity of individuals and foster positive relationship with the people in the areas where the Company operates.
- Business should provide development opportunities to local communities in a culturally appropriate manner, in consultation & cooperation with local government authorities and other stakeholders, as may be appropriate.
- Business should endeavor to develop local entrepreneurship and encouraging use of local goods, services and manpower to promote inclusive economic growth of local areas.

**4. Scope of Corporate Social Responsibility Activities**

In line with the broad principles defined above, the Company would have freedom and flexibility to choose from any of the activities specified in Annexure 1. The Corporate Social Responsibility projects and programs to be undertaken by the Company shall include activities falling within the purview of schedule VII of Companies Act, 2013; as amended from time to time. Thus, with any change in the statutory provisions governing the activities, the Annexure 1 shall be deemed to include/exclude such activities as permissible under law.

The list and implementation modalities may be modified from time to time, as per recommendations of the Corporate Social Responsibility Committee of the Company.

The surplus, if any, arising out of Corporate Social Responsibility initiatives of the Company shall not form part of its business profits and shall be utilized for Corporate Social Responsibility activities only.

**5. Corporate Social Responsibility Implementation**

The Corporate Social Responsibility Committee will be responsible for overseeing the approval, execution, implementation and monitoring of the projects.

These projects will be executed by the Company and where appropriate in partnership with local government, various NGO partners, service providers and others.

In case the Company undertakes to carry any of the projects through any trust, society or company not established by the Company or its holding or subsidiary or associate company, the Corporate Social Responsibility Committee shall ensure that such trust, society or company has an established track record of three years in undertaking similar programs or projects and is eligible to undertake the projects under section 135 of the Act.

**6. Corporate Social Responsibility Budget**

The Corporate Social Responsibility Committee under the supervision of the Board shall try to ensure that the Company spends in each Financial Year (FY), at least two per cent of the average net profit (calculated as per section 198 of the Act) made during the three immediately preceding Financial years (Corporate Social Responsibility Budget).

If the company is unable to spend the prescribed 2% of its average net profit as mentioned above, the committee will review the reasons for the same and place the same with justification to the Board.

The Company will report reasons for not spending the entire Budget outlay for Corporate Social Responsibility allocated in any financial year. The unutilized fund would remain part of the corpus and get carried forward for the next year for expenditure thereon. The Company has to provide reason for not spending such amount in that financial year. Further, it will not dilute the fund allocation requirement for such next financial year.

To comply with the obligations, the Corporate Social Responsibility Committee may also decide to contribute amount of Corporate Social Responsibility Budget, either wholly or partially towards Corpus of any foundation provided under Schedule VII (as amended from time to time) as may be approved by the Board.

7. **Targets and Performance measures**

To ensure effective implementation, the Committee will set measurable targets for each Corporate Social Responsibility project and Funds for such projects.

8. **Corporate Social Responsibility Committee**

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) as per Companies Act, 2013 and other applicable provisions, if any, of any other act, as may be applicable, for the time being in force. Corporate Social Responsibility Committee is responsible for overall supervision of Corporate Social Responsibility activities as may be carried out by the Company.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Composition of the Corporate Social Responsibility Committee of KPL Exports Pvt. Ltd. is as under:

1.	Sri Deepak Kothari	Chairman
2.	Sri Pramod Kumar Tandon	Member
3.	Sri Mitesh Kothari	Member

9. **Monitoring Activities**

The Corporate Social Responsibility projects shall be monitored by the Corporate Social Responsibility Committee as follows :

The Corporate Social Responsibility Committee will be monitoring the Corporate Social Responsibility Policy on half yearly basis and among other agenda shall consider the following :

- Monitoring the utilization of funds towards approved Corporate Social Responsibility Activities.
- Define and review targets for the Corporate Social Responsibility commitments and performance measures.
- Evaluate actual Corporate Social Responsibility performance and impact such activities are making on the people, society and environment.
- Corrective measures to be taken to rectify deviations (if any)

The members of the Corporate Social Responsibility Committee (and specifically the Committee Chairman) may also undertake the following activities, whenever it deems necessary for effective discharge of its responsibilities :

- Field visits to Project / Programme sites;
- Interaction with beneficiary communities to obtain feedback;

Review of Policy

- The Corporate Social Responsibility policy will be reviewed periodically by the Corporate Social Responsibility Committee of the Company.

10. **Documentation, reporting and disclosures**



As part of compliance to the Act, and in preparation of the Annual Corporate Social Responsibility Report as per Reporting Format, the Company will ensure the following :

1. All Corporate Social Responsibility Projects/Programmes are comprehensively documented.
2. All appropriate MIS are maintained, in a suggestive template.
3. Accountability is fixed at every level of the Corporate Social Responsibility process and the implementation apparatus.

11. **Disclosure in the Annual Report of the Company**

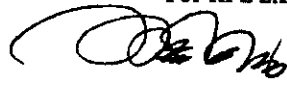

The details about the policy developed and implemented by the Company on Corporate Social Responsibility, initiatives taken during the year and details of Corporate Social Responsibility Budget spent during the financial year shall be disclosed in the Annual Report of the Company.

This policy shall be subject to amendments under the Companies Act, 2013 or any other applicable law or regulation.

By order of the Board  
For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

  
✓ (DEEPAK KOTHARI) (MITESH KOTHARI)  
DIRECTOR DIRECTOR  
OK 

Annexure 1

**Corporate Social Responsibility Activities as provided in Schedule VII**


- i. eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other-fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. rural development projects.
- xi. slum area development.

Explanation - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

By order of the Board  
For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

  
✓ (DEEPAK KOTHARI) (MITESH KOTHARI)  
DK DIRECTOR DIRECTOR

## **Annexure -3 To The Directors' Report**

<b>KPL EXPORTS PRIVATE LIMITED</b> <b><u>Nomination and Remuneration Policy</u></b>
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This Nomination and Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of **KPL Exports Private Limited** (the "Company").

### **1. Definitions**

"Director" means a director appointed to the Board of a company;

"Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Clause 49 of the Listing agreement; as amended from time to time.

"Key Managerial Personnel (KMP) means—

- i. Chairman & Managing Director;
- ii. Company Secretary,
- iii. Whole-time Director;
- iv. Chief Financial Officer; and
- v. Such other Officer as may be prescribed.

"Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

The term "Senior Management Personnel" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Directors, including the functional heads. In reference to the company, the senior management personnel would refer to personnel occupying the positions identified in **Annexure A**; as per the organizational framework of the Company.

"Whole-time director" includes a director in the whole-time employment of the company; Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules and the Clause 49 of the Listing agreement or other relevant provisions; as may be applicable.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement; as amended from time to time.

## **2. Purpose**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management Personnel. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management Personnel. The objectives of the policy thus would be:-

To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Key Managerial and Senior Management positions and to determine their remuneration.

To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.

To establish framework for evaluation of the performance of Directors including Independent Directors, Committees and Board.

To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

To devise a policy on Board diversity

## **3. Accountabilities**

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and recommending the candidates for the role of Directors, Key Managerial Personnel and laying down the criteria for selection of the Senior Management Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations to the Board.

## **4. Nomination and Remuneration Committee – Composition & Structure**

The Nomination and Remuneration Committee comprises the following:

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

Minimum two (2) members shall constitute a quorum for the Committee meeting.  
Membership of the Committee shall be disclosed in the Annual Report.

Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN

Chairman of the Committee shall be an Independent Director.

Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

Chairman of the Nomination and Remuneration Committee meeting or any other person authorized by him shall be present at the Annual General Meeting. The Chairman may also nominate some other member to answer the shareholders' queries.

#### COMMITTEE MEMBERS' INTERESTS

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

#### VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### **5. Nomination and Remuneration Committee – Responsibility**

The Nomination and Remuneration Committee is responsible for:

reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

identifying individuals suitably qualified to be appointed as the Executive Directors, Independent Directors, the KMPs and Senior Management Personnel for the Company;

recommending to the Board on the selection of individuals nominated for directorship;

formulating the criteria for determining qualification, positive attributes and recommending to the Board a policy relating to the remuneration for Executive Directors, Key Managerial Personnel and other employees.

assessing the independence of independent directors, so as to ensure that the individual meets with the requirement prescribed under the Companies Act, 2013 read with Clause 49 of the Listing Agreement;

such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.

to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an

Executive Director as an employee of the Company subject to the provision of the law and their service contract

to devise a policy on Board diversity;

to develop a succession plan for the Board and to regularly review the plan;

lay down criteria for evaluation of the individual Directors, Committees and Board as a whole

## **6. Positive Attributes and qualifications of Directors/KMPs/Senior Management Personnel**

When recommending a candidate for appointment, the Nomination and Remuneration Committee will have regard to the following qualifications and positive attributes:

assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;

the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company; in case of KMPs and Senior Management Personnel their contribution towards effectiveness of the organization as a whole would be considered ;

the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

ability of the appointee to represent the company

ability to work individually as well as a member of the Board and senior management

influential communicator with power to convince other in a positive way;

ability to participate actively in deliberation and group processes;

have strategic thinking and facilitation skills;

act impartially keeping in mind the interest of the company on priority basis;

Personal specifications:

- Educational qualification;
- Experience of management in a diverse organization;
- Interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;

## **7. Independence of a Director**

The key role of an Independent Director is to provide an unbiased, varied and experienced perspective to the Board. While evaluating the candidature of a Director, the committee abides by the criteria for determining Independence as stipulated under Companies Act 2013, Listing Agreements and other applicable regulations or guidelines.

The committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director but also with relatives, entities and organizations affiliated to it.

The Committee, along with the Board, regularly reviews the skill, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a board of diverse background and experience in business, technology, governance and areas that are relevant for the company.

Besides considering all other qualifications w.r.t to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act 2013 and Listing Agreement.

## **8. Board Diversity**

The Board shall consist of such number of Directors including at least one woman Director as is necessary to effectively manage the Company of the size of KPL Exports Private Limited. The Board shall have an appropriate combination of executive and Independent Directors.

The Nomination & Remuneration Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Company believes that increased diversity in Board is associated with better financial performance, greater innovation and has a positive impact on the Company.

## **9. Letters of Appointment**

Each Director including Executive Directors, Independent Directors and the KMPs, Senior Management Personnel are required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

The term/tenure of the Directors including Executive Directors and Independent Directors shall be in accordance with the applicable laws

## **10. Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel**

The Committee will determine individual remuneration packages for Directors and lay down criteria for deciding upon the remuneration of KMPs and Senior Management of the

Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

The core factors taken into consideration are:

Industry Practice and Bench marks;

Long-term value creation.

Reward achievement of results on the basis of prudent practice, responsibility and risk taking abilities.

Attract and retain and motivate the best professionals.

Reward the experience and professional track record.

Ensure equity within the Group and competitiveness outside it.

Ensure transparency in its remuneration policy

### **For Executive Directors (Managing Directors and Whole time Directors)**

Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such officer.

### **For Non-Executive Directors**

The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.

Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.

The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members.

The sitting fee to the Independent Directors & Woman Director shall not be less than the sitting fee payable to other directors.



**General:-**

The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

The remuneration payable to Directors shall be subject to the approval of Shareholders, if required, as per the provisions of applicable laws.

The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

The Company may opt for Directors including independent directors & Officers Liability Insurance, in accordance with the policy.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**For Key Managerial Personnel and Senior Management Personnel**

The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as per the criteria decided by the Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

**For other employees**

The policy for determination of the remuneration of employees other than Directors, KMPs and Senior Management personnel shall be as per the normal process followed by the Company.

**11. Evaluation/ Assessment of Directors of the Company**

The committee shall undertake a formal and rigorous annual evaluation of the Board, including its committees and individual directors. The evaluation of performance of the Board shall be independent and objective and should take into account the overall impact of their functioning on the company and its stakeholders. Besides the performance evaluation of individual directors, evaluation of the performance of the committees and the Board as a whole is also required to be conducted. The performance evaluation shall be undertaken on yearly basis, starting from financial year 2014-15, the schedule of which may be laid down by the Committee.

The committee is required to establish mechanism for Performance Evaluation & Assessment of the Directors including the Independent Directors. The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis to cater to the requirements of the Companies Act 2013 and the requirements of the Listing Agreement. The following criteria may assist in determining how effective the performances of the Directors have been:

Leadership Qualities Contributing to corporate objectives & plans  
Communication of expectations & concerns clearly with colleagues  
Obtain adequate, relevant & timely information from external sources.  
Review & approval achievement of strategic and operational plans, objectives, budgets  
Regular monitoring of corporate results against projections  
Identify, monitor & mitigate significant corporate risks  
Assess policies, structures & procedures  
Effective meetings  
Assuring appropriate board size, composition, independence, structure  
Clearly defining roles & monitoring activities of committees  
Review of organization's ethical conduct

A series of assessment questionnaire to enable such evaluation being conducted shall be finalized by the Committee. Once the assessment is completed, the Committee shall evaluate such assessments. The Company may engage external consultants / agencies to provide assistance in the evaluation process.

#### **Performance Review by Independent Directors**

In accordance with the mandate given under Companies Act 2013 & Clause 49 of the listing agreement, Independent Directors will hold at least one separate meeting without the attendance of non-independent directors and members of management starting from the financial year 2014- 15 onwards.

The meeting shall:

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance of the respective Committees shall be done by the Board. The performance evaluation shall be undertaken on yearly basis, starting from financial year 2014-15, the schedule of which may be laid down by the Committee.

## **12. Succession Planning**

The Company recognizes the need of a formal, proactive process which can assist in building a leadership pipeline/talent pool to ensure continuity of leadership for all critical positions. Succession planning involves assessment of challenges and opportunities facing the company, and an evaluation of skills and expertise that would be required in future.

The nomination and remuneration committee will work with the Board to develop plans and processes for orderly succession to the board and senior management. The Committee shall endeavor to develop a diverse pool of candidates who may be considered to fill the gap in Board positions or senior management in case of any eventuality. The committee would ensure that the Company is prepared for changes in senior management, either planned or unplanned.

Succession Planning Process would cover identification of internal candidates, development plans for internal candidates, and identification of external candidates. The Committee would also assist in formulating an emergency succession contingency plan for unforeseen events like death, disability etc. The Board will periodically monitor the review and monitor the succession planning process.

### 13. Review of the policy

This Policy shall be reviewed by the Nomination and Remuneration committee on annual basis (unless an earlier review is required) to ensure that it meet the requirements of latest market requirements and trends and the Nomination and Remuneration committee shall make recommendations to the Board on required amendments.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

For KPL EXPORTS PVT.LTD.

By order of the Board



✓ (DEEPAK KOTHARI)  
DK DIRECTOR



(MITESH KOTHARI)  
DIRECTOR

**Annexure 'A'**  
**Senior Management position as defined in section 178 of the Companies Act 2013**  
**(other than KMPs and WTDs):**

Information under this head is NIL

By order of the Board  
For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

   
✓ (DEEPAK KOTHARI) (MITESH KOTHARI)  
Dx DIRECTOR DIRECTOR  


**VIGIL MECHANISM / WHISTLE BLOWER POLICY**  
**KPL EXPORTS PVT. LTD**

**1. PREFACE**

1.1 Section 177 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires every listed company, companies which accept deposits from the public and companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees to establish a vigil mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct or ethics policy. Such a vigil mechanism shall provide for adequate safeguards against victimization of directors and employees and also make provisions for direct access to the chairperson of the Audit Committee in exceptional cases.

1.2. In compliance of the above requirements, M/s KPL Exports Pvt. Ltd., being an Unlisted Company which have borrowed money from banks and public financial institutions in excess of fifty crore rupees has established a "Vigil Mechanism/Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.

**2. POLICY OBJECTIVES**

2.1. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

2.2. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and / or colleagues in general.

**3. SCOPE OF THE POLICY**

3.1. This Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of

which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

4.

#### DEFINITIONS

4.1. "Alleged wrongful conduct" shall mean violation of law, Infringement of Company's rules, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority".

4.2. "Audit Committee" means a Committee constituted by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013.

4.3. "Board" means the Board of Directors of the Company.

4.4. "Company" means the KPL Exports Pvt. Ltd..

4.5. "Code " means Code of Conduct for Directors and Senior Management Executives adopted by KPL Exports Pvt. Ltd.

4.6.

"Employee " means all the present employees and whole time Directors of the Company (Whether working in India or abroad).

4.7. "Protected Disclosure" means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title "SCOPE OF THE POLICY" with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

4.8. "Subject" means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

4.9. "Vigilance Officer" means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

4.10. "Whistle Blower" is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

#### 5. ELIGIBILITY

All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

## 6. RECEIPT AND DISPOSAL OF PROTECTED DISCLOSURES.

### 6.1.

All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English or Hindi.

### 6.2.

The Protected Disclosure should be submitted in a closed and secured envelope and should be superscribed as "Protected disclosure under the Whistle Blower policy". Alternatively, the same can also be sent through email with the subject "Protected disclosure under the Whistle Blower policy". If the complaint is not superscribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Vigilance officer will not issue any acknowledgement to the complainants and they are advised neither to write their name / address on the envelope nor enter into any further correspondence with the Vigilance Officer. The Vigilance Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

### 6.3.

Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

### 6.4.

The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Vigilance Officer /Chairman of the Audit Committee as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

### 6.5.

All Protected Disclosures should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases.

The contact details of the Vigilance officer is as under:-

Name and Address - Shri Anurag Tandon,

Kothari Products Limited,

C/62, Vibgyor Tower

9<sup>th</sup> Floor, Bandra Kurla Complex

Bandra East

Mumbai- 400051

E-mail- [anuragtandonca@gmail.com](mailto:anuragtandonca@gmail.com)

Phone No.: 022-43119000

6.6 Protected Disclosure against the Vigilance Officer should be addressed to the Chairman of the Audit Committee. The contact details of the Chairman of the Audit Committee is as under:

Name and Address of the Chairman of the Audit Committee

Sri Deepak Kothari

KPL Exports Pvt. Ltd.

'Pan Parag House', 24/19 The Mall

Kanpur – 208 001

Email- [deepakkothari@panparag.com](mailto:deepakkothari@panparag.com)

Phone no.: 0512-2312171

6.7. On receipt of the protected disclosure the Vigilance Officer / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. He shall also carry out initial investigation either himself or by involving any other Officer of the Company or an outside agency before referring the matter to the Audit Committee of the Company for further appropriate investigation and needful action. The record will include:

- a) Brief facts;
- b) Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- c) Details of actions taken by the Vigilance Officer for processing the complaint
- d) Findings of the Audit Committee
- e) The recommendations of the Audit Committee/ other action(s).

6.8 The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

## 7. INVESTIGATION

### 7.1.

All protected disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other Officer of the Company and/ or an outside agency for the purpose of investigation.

7.2. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.

7.3. Subject(s) will normally be informed in writing of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

### 7.4.

Subject(s) shall have a duty to co-operate with the Audit Committee or any of the Officers appointed by it in this regard.



7.5.

Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance officer / Investigators and/or members of the Audit Committee and/or the Whistle Blower.

7.6.

Subject(s) have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witness shall not be influenced, coached, threatened or intimidated by the subject(s).

7.7. Unless there are compelling reasons not to do so, subject(s) will be given the opportunity to respond to material findings contained in the investigation report. No allegation of wrong doing against a subject(s) shall be considered as maintainable unless there is good evidence in support of the allegation.

7.8. Subject(s) have a right to be informed of the outcome of the investigations.

7.9. The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

## 8. DECISION AND REPORTING

8.1. If an investigation leads the Vigilance Officer / Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Vigilance Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

8.2. The Vigilance Officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

8.3. In case the Subject is the Chairman and Managing /CEO of the Company, the Chairman of the Audit Committee after examining the Protected Disclosure shall forward the protected disclosure to other members of the Audit Committee if deemed fit. The Audit Committee shall appropriately and expeditiously investigate the Protected Disclosure.

8.4. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the subject to the Vigilance Officer or the Audit

Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

**9. SECRECY / CONFIDENTIALITY**

9.1. The complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:



9.1.1. Maintain confidentiality of all matters under this Policy

9.1.2. Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

By order of the Board  
For KPL EXPORTS PVT. LTD.

  
✓ (DEEPAK KOTHARI) (MITESH KOTHARI)  
DK DIRECTOR DIRECTOR  


## **Foreign Exchange Risk Management Policy and Procedures**

### **I. STATEMENT OF PURPOSE :**

The purpose of this policy is to establish parameters for Kothari Products Limited governing the management of foreign currency exposures. Kothari Products Limited (KPL) is exposed to foreign currency rate fluctuations in the normal course of its business. A portion of our revenue, expense, capital and Trading / Business activities are transacted in foreign currencies.

The objective of currency management is to minimize, to the extent possible, any effect the fluctuation in foreign exchange rates on Kothari Products earnings or fair values of assets and liabilities, without exposing Company to any risks associated with transactions, which could be regarded as speculative.

Foreign currency risk management covers the identification of currency exposures, risk measurement and the actions employed to mitigate such risks. Currency risk mitigation entails cash flow management or utilizing hedging instruments to protect against volatility of earnings or the Indian Rupee (INR) equivalent of cash flows associated with changes in foreign exchange rates.

### **II. SCOPE**

This policy applies to Kothari Products Limited and its Subsidiaries (hereinafter referred to as "the Company").

### **III. POLICY GUIDELINES**

Company will Book the Foreign Currency Exposure as per the Given Guidelines of FEMA and RBI Master Circular on Risk Management and Inter Bank Dealing (RBI/2014-15/12 Master Circular No.5/2014-15).

1. The Company uses derivative instruments, primarily forward contracts, to hedge foreign currency exposures. Other hedging instruments such as plain vanilla options, risk reversals and participating forwards will be used only in special circumstances as approved. The maturity of such instruments should be no longer than one year.

2. The Company will hedge its known exposures if it is determined that changes in foreign exchange rates are to have a material impact on earnings or fair values of assets and liabilities.
3. The Company does not use derivative contracts for speculative purposes.
4. Company designates its derivatives as fair value hedges, cash flow hedges or hedges of the foreign exposure of a net investment in a foreign operation (net investment hedge).
5. The Company estimates the fair value of derivatives based on quoted market prices and records all derivatives on the balance sheet at fair value.
6. The Company will hedge the fair value exposure of recognized foreign currency denominated assets or liabilities, or previously unrecognized firm commitment. For derivative instruments that are designated as fair value hedge, the Company recognizes its gains and losses, as well as the offsetting gains or losses of the hedged items, in earnings in the current period.
7. The Company will hedge exposures to the variability in the Indian Rupee equivalent of anticipated foreign exchange cash flows. These exposures arise from forecasted revenue and expenses that are denominated in Currency other than Indian Rupee.
8. The Company hedge net investment in certain foreign subsidiaries whose functional currency is the local currency.
9. The Company will establish procedures for measuring and predicting the Company's entire foreign exchange exposure on a periodic basis. The results will be reported to management so that they are aware of the potential exposure and may choose to take steps to limit these exposures.
10. The Foreign Exchange Policy will be generally implemented, reviewed and monitored by the Foreign Exchange Review Committee (FXC) that shall consist of the Managing Director, Chief executive office, chief financial officer and the Treasury Head.
11. The Company will only enter into derivative contracts with financial intuitions, Currency Exchanges and AD Category Banks (Bank of India, Punjab National Bank, Indian Overseas Bank, Canara Bank, Allahabad Bank, UCO Bank, State Bank of India, Andhra Bank, Bank of Baroda, Yes Bank and ICICI Bank)

#### IV. TREASURY STRUCTURE, RESPONSIBILITY and AUTHORITY

The corporate treasury department will be responsible for the execution of all foreign exchange transactions for the Company. Exceptions to corporate treasury executing the foreign exchange transactions may be made based on regulatory restrictions, as per the given guidelines of FEMA and RBI Master Circular on Risk Management and Inter Bank Dealing (RBI/2014-15/12 Master Circular No.5/2014-15. Dated July 01, 2014) further amended from time to time.

This policy recognizes that the corporate treasury department is not a profit center and any activities that might be perceived as speculative trading is in violation of this policy.

*Corporate treasury will:*

1. Execute transactions in accordance with this foreign exchange policy.
2. Monitor results of all hedging activity.
3. Report results of foreign exchange activity to the FXC at least quarterly, based on gain/loss thresholds.
4. Provide mark to market (MTM) information to the FXC and the accounting function monthly, within three days of the business month end.
5. Provide information on realized gains and losses to the FXC and the accounting function within three days of the business month end.
6. Run an MTM report of outstanding derivatives weekly. If any MTM report shows a change in unrealized losses of greater than INR 20MN, then this report will be sent to the FXC within one day of the MTM report being run.
7. Send all trade confirmations / Underline Contract directly to the Bank Treasury through Branch.
8. Provide all contracts-related information or underline Contract to the Account department.

The Chief Financial Officer, Head of the Treasury Department and the FX treasury manager shall individually have the authority to enter into foreign exchange contracts in the Company name and on its behalf within the guidelines set forth in this policy. Any exceptions to this policy must be approved, in writing, by the chief financial officer / Treasury Head. A signed dealing mandate will be sent to all financial institutions.

A. *Responsibility of the Board of Directors:* The board of directors has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

Review and approval of the Company's foreign exchange policy.

Review of one monthly foreign exchange report per quarter to determine whether the foreign exchange activity adheres to the established foreign exchange policy, and whether the performance of the hedging strategies are reasonable given the objectives of the Company and the current economic and financial environment.

B. *Responsibility of the Chief Financial Officer / Head of Treasury Department:* The chief financial officer / Head of the treasury Department has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

Review and approval of the Company's foreign exchange policy.

Approval of all relationships with banks, setting up of limits and other financial institutions established by the treasury manager for the purpose of conducting foreign exchange business.

Review each foreign exchange position and monthly reports for foreign exchange compliance and performance.

Approval in advance of all foreign exchange transactions that are not consistent with the guidelines prescribed in this policy.

He must notify the board of directors of such transactions. The CFO / Head of Treasury will implement control systems and procedures that provide for an appropriate level of segregation of duties related to the conducting and accounting for foreign exchange activity.

C. *Responsibility of the Treasury Manager:* The treasury manager has the following responsibilities with respect to the management of the Company's foreign exchange exposure.

Conduct foreign exchange activity that has been authorized and approved by the Company. This includes buying and selling foreign exchange spot and forward contracts.

Conduct monthly reviews of foreign exchange positions and enter into new contracts as necessary.

Preparation of the reports specified in this Foreign Exchange Policy for management review.

## **V. REPORTING**

*A. Report Contents:* The Treasury Department will prepare, and the chief financial officer / Head of Treasury Department will review, a Monthly Foreign Exchange Report on accounting exposures that contains the following information:

1. The net transaction exposure of the Company by currency and recommendations of appropriate hedging actions.
2. Number of transactions (contracts purchased and sold) made during the month.
3. Summary of the current open foreign exchange contracts and explanation of the strategy behind the open positions.
4. Results of positions that have been closed during the month.
5. Reasons for and amounts of violations of or exceptions to the foreign exchange policy in the portfolio.
6. Status of any foreign exchange positions that might require management attention.

*B. Report Distribution:* The monthly Foreign Exchange Report will be distributed to the chief financial officer and Treasury Head. Once per quarter, the report will go to the board of directors for review.

## **VI. INTERNAL ACCOUNTING CONTROLS**

The treasury manager is responsible for recommending and the Treasury Head is responsible for approving all hedging strategies. Only the chief financial officer, Treasury Head, and the treasury manager shall have the authority to enter foreign exchange contracts that will provide foreign exchange coverage. The Treasury Head is responsible for implementing internal control procedures, accounting entries and ensuring that procedures are followed.

Once the chief financial officer / Treasury Head has approved a hedging strategy, the treasury manager is authorized to execute the contracts with an approved bank. The following procedures shall be followed:

1. All transactions will be recorded immediately upon execution on the FX Contract Log kept by the treasury manager. The aggregate amount of

hedge contracts by currency should not deviate from the approved covering action.

2. Immediately upon execution, the treasury manager will provide all details of each contract to the controller and send the bank a written contract confirmation listing the pertinent details of the contract: currency, amount, spot and forward rates, value date and purpose of hedge. These contracts shall be crosschecked against the FX exposure log sheet. These confirmations will be used as the primary means of checking the accuracy of the confirmation issued by the banks.

3. Bank confirmation of foreign exchange transactions will be sent directly to the Treasury Head. The Treasury Head, or designated person, shall keep a log of incoming confirmations, filed by bank. If the confirmation has not been received within 10 working days after the execution date of the contract, the controller will personally contact the bank to verify that the trade is on the bank's records and request a confirmation in writing from the bank.

4. The Accounts Department shall compare the bank's record of the transaction with the Company-originated confirmation. If the two records concur, the Accounts Head will sign the bank confirmation and return it to the appropriate bank (keep copies of the signed confirmation for the treasury manager's files). If there is a discrepancy, the Accounts Head will personally contact both the bank and the treasury manager to determine whose records are in error. The chief financial officer / Treasury Head shall be notified of all discrepancy occurrences.

5. At the end of the month, the Accounts Head, or a designated person, shall review all incoming and outgoing cash transfers pertaining to foreign exchange. The Accounts Head shall ensure that the appropriate amounts were received/ paid on the appropriate dates. Specifically, cash transfers related to FX contracts should be reconciled with the Monthly FX Contract Summary and supported by copies of the confirmations. The same procedure shall be performed at the end of each quarter for the entry supporting unrealized gains / losses on open FX contracts.

## **VII. REVIEW OF FOREIGN EXCHANGE MANAGEMENT**

A. *Policy Exceptions:* This policy provides guidelines for the management of the foreign exchange hedging. Under some circumstances, foreign exchange transactions that are appropriate for the Company and entirely within the spirit of this Foreign Exchange Policy as described in the Objectives section may not fall within the prescribed quantitative guidelines contained in this Foreign Exchange



Policy. When the treasury manager determines that a foreign exchange transaction is in the best interest of the Company and is consistent with the objectives of this Foreign Exchange Policy, the transaction is permitted even though it is not consistent with the quantitative guidelines, subject to the following controls.

Whenever a transaction is made that is an exception to the quantitative guidelines, the chief financial officer / Treasury Head must approve the transaction in writing prior to execution.

It will be reported to the chief executive officer and the board of directors in the monthly FX Report as required by Section IIA of this policy.

If the policy is breached, the chief financial officer / Treasury Head must be notified immediately. The chief financial officer / Treasury Head is then responsible for notifying the board of directors of the breach of policy, either immediately or in the quarterly Foreign Exchange Report, at his discretion. □

*B. Policy Review:*


This Foreign Exchange Policy will be reviewed annually, at a minimum, to ensure that it remains consistent with the overall objectives of the Company and current with financial trends.


The Foreign Exchange Policy may be reviewed and updated more frequently if conditions dictate.

Proposed amendments to the Foreign Exchange Policy should be prepared by the treasury manager, and should be reviewed and ratified by the chief executive officer, chief financial officer, Treasury Head and the board of directors.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

By order of the Board  
For KPL Exports Pvt. Ltd.  
  
DK (Deepak Kothari)  
Director

  
(Mitesh Kothari)  
Director

<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
<b>as on financial year ended on 31.03.2016</b>
<b>Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.</b>

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U74900UP2008PTC035118
ii	Registration Date	30.04.2008
iii	Name of the Company	KPL EXPORTS PVT. LTD.
iv	Category/Sub-category of the Company	PUBLIC COMPANY LIMITED BY SHARES
v	Address of the Registered office & contact details	"PAN PARAG HOUSE" 24/19, THE MALL KANPUR-208001  PH : (0512) 2312171 - 74 & FAX NO. : (91) (0512) 2312058 E-MAIL : kplupla@kothariproducs.in
vi	Whether listed company	NO
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl.No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Wholesale Trading of Coal	4661	55.00
2	Wholesale of Construction material	4663	30.00

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl.No	Name & Address of the Company	CIN/GIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	KOTIARI PRODUCTS LTD. "PAN PARAG HOUSE" 24/19, THE MALL, KANPUR - 208001	116008UP1983PLC006254	HOLDING	99.9994	2(46)
2	RAJ POWER PARTS & ENGG. CO. (PVT.) LTD., U72891MH1996PTC013491	ASSOCIATE		49.34	2(6)



a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
NRI	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2000000	2000000	100	-	6000000	6000000	100	-

\* THESE SHARES ARE HELD AS NOMINEE OF KOTHARI PRODUCTS LTD.  
OUT OF 1999992 SHARES 4 SHARES ARE HELD AS NOMINEE OF KOTHARI  
PRODUCTS LIMITED AT THE BEGINNING OF THE YEAR AND OUT OF  
5999976 SHARES 12 SHARES ARE HELD AS NOMINEESS OF KOTHARI  
PRODUCTS LIMITED AT THE END OF THE YEAR

## (ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Sri Deepak Kothari *	2	.0001	-	6	.0001	-	200
2	Sri Mitesh Kothari *	2	.0001	-	6	.0001	-	200
3	Smt. Arti Kothari *	2	.0001	-	6	.0001	-	200
4	Smt. Urvi Kothari *	2	.0001	-	6	.0001	-	200
5	M/s. Kothari Products Ltd.	1999988	99.9994	-	5999964	99.9994	-	200
6	M/s. Dharm Securities Pvt. Ltd. *	2	.0001	-	6	.0001	-	200
7	M/s.MSR Properties Pvt. Ltd. *	2	.0001	-	6	.0001	-	200
	TOTAL	2000000	100.000	-	6000000	100.000	-	

\* THESE SHARES ARE HELD AS NOMINEES OF KOTHARI PRODUCTS LTD.

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		Date wise Increase/Decrease (Remarks if any)
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1	Deepak Kothari*	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
2.	Arti Kothari*	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
3	Mitesh kothari*	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
4	Urvi Kothari*	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
5	M/s. MSR Properties Pvt. Ltd. *	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
6	M/s. Dharm securities Pvt. Ltd. *	2	0.0001	6	0.0001	shareholding increased by way of right shares allotted on 17th September, 2015.
7	M/s. Kothari Products Ltd. *	1999988	99.9994	5999964	99.9994	shareholding increased by way of right shares allotted on 17th September, 2015.

these shares are held as nominees of kothari products limited \*

D) Shareholding Pattern of top ten shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of top ten shareholders at the beginning of the year	Shareholding at the beginning of the year	Cumulative Shareholding during the year	Date when increase/decrease (Remarks if any)
		No. of Shares	No. of Shares	
		% of total shares of the Company	% of total shares of the Company	
	NOT APPLICABLE			

(v) Shareholding of Directors

Sl. No.	Name of Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Sri Deepak Kothari *	2	.0001	-	-	6	.0001
2	Sri Anil Kothari*	2	.0001	-	-	6	.0001
3	Sri Pramod Kumar Tandon	Nil	Nil	Nil	Nil	Nil	Nil
4	Sri Kamlesh Mehta	Nil	Nil	Nil	Nil	Nil	Nil
5	Smt. Reema Shah	Nil	Nil	Nil	Nil	Nil	v

\* THESE SHARES ARE HELD AS NOMINEES OF KOTHARI PRODUCTS LTD.

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	681,178,916.67	1474367116		2,155,546,032.67
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	681,178,916.67	1474367116		2,155,546,032.67
Change in Indebtedness during the financial year				
Additions	1,414,397,388.92			1,414,397,388.92
Reduction		95,032,659.65		95,032,659.65
Net Change				
Indebtedness at the end of the financial year	2,095,576,305.59	1,379,334,456.35		3,474,910,761.94
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	2,095,576,305.59	1,379,334,456.35		3,474,910,761.94

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

NIL

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

(Amt. in Rs.)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount (in Rs.)
1	Gross salary		

	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.				
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission				
	as 3% of profit				
	others (specify)				
5	Others, please specify				
	Gratuity				
	Total (A)				

**B. Remuneration to other directors:**

NIL

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors				
	(a) Fee for attending board committee meetings				
	(b) Commission				
	(c) Others, please specify				
	Total (1)				
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings				
	(b) Commission				
	(c) Others, please specify.				
	Total (2)				
	Total (B)=(1+2)				
	Total Managerial Remuneration				

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		



			CEO	CS	TOTAL
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.				
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	Total				

DURING THE YEAR  
 THE COMPANY HAS  
 APPOINTED MS.  
 ANKITA BANSAL AS  
 THE WHOLE TIME  
 COMPANY  
 SECRETARY W.E.F.  
 17TH MARCH, 2016  
 AND THE  
 REMUNERATION  
 FOR THE SAID  
 PERIOD THAT IS  
 W.E.F. 17TH  
 MARCH, 2016 TO  
 31ST MARCH, 2016  
 IS RS. 6,944/-


VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

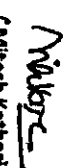
NIL

THERE WERE NO PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES FOR THE YEAR ENDING 31ST MARCH, 2016

For and on behalf of the Board

PLACE: KANPUR  
DATE: 19TH MAY, 2016

  
(Deepak Kothari)  
Director

  
(Nilesh Kothari)  
Director

## **ANNEXURE-7 TO DIRECTORS' REPORT**

### **Annual Report on CSR Activities and CSR Policy**

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

The Board of Directors of the Company, after taking into account the recommendations of the CSR Committee, has approved a CSR Policy for the Company as required under Section 135(4) of the Companies Act, 2013.

The Company is undertaking its CSR activities approved by its CSR Committee through "Maa Sharda Charitable Trust". The aforesaid Trust has been established by the holding Company of the Company as the Settlor/Founder. The aforesaid Trust has been focusing in the area of education and other objects of general public utility as specified in Schedule VII to the Companies Act, 2013.

**2. Composition of the CSR Committee**

The composition of the CSR Committee is as follows:

<b>NAMES OF DIRECTORS</b>	<b>DESIGNATION IN COMMITTEE</b>
Sri Deepak Kothari	Chairman
Sri Pramod Kumar Tandon	Member
Sri Mitesh Kothari	Member

**3. Average net profit of the company for the last three financial years, as per Section 198 of the Companies Act, 2013**

The average net profits of the company for last three financial years ended 31<sup>st</sup> March, 2015 is Rs. 20, 48, 70,755.

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

The prescribed CSR expenditure for the year is Rs. 40, 97,415 (2% of Rs. 20, 48, 70,755). Accordingly the Company has contributed Rs. 40, 97,415 to "Maa Sharda Charitable Trust".

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

The Company has contributed an amount of Rs. 40, 97,415 being 2% of the average net profits for the 3 preceding financial years ended on 31.03.15. The Company has contributed the amount for the CSR activity to be undertaken through "Maa Sharda Charitable Trust", a trust established by the holding company of the company.

(Rs. In crores)

Sl. No.	CSR Projects or activity identified.	Sector in which the project is covered. (clause No.iii of schedule VII to the Companies Act, 2013 as amended)	Projects or Programs (1)Local area or other (2)specify the State and district where projects or programs was undertaken	Amount outlay (budget)	Amount spent on the Projects or Programs Sub-heads: (1)Direct expenditure on Projects or Programs (2)Over-heads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Community Development, old age homes and Day Care Centres	Setting up of old age homes, Day Care Centres & such other facilities for senior citizens and measures of reducing inequalities faced by socially and economically backward groups	Kanpur & Kanpur Dehat	10	.41	.41	Through "MaaSharda Charitable Trust"

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. NA.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the Company.

By order of the Board  
For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

(DEEPAK KOTHARI) (MITESH KOTHARI)  
DIRECTOR DIRECTOR

**ANNEXURE-9 TO DIRECTORS' REPORT**

**Form No. AQC-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)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis: ----- NIL-----

(a) Name(s) of the related party and nature of relationship

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts / arrangements/transactions

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

(e) Justification for entering into such contracts or arrangements or transactions

(f) date(s) of approval by the Board

(g) Amount paid as advances, if any:

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis

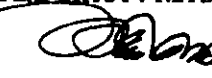
Sl. No.	Particulars	Details
(a)	Name(s) of the related party and nature of relationship	The details of the transactions with related parties are provided in the accompanying financial statements
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any	

By order of the Board

For KPL EXPORTS PVT.LTD.

Place: Kanpur

Date: 19<sup>th</sup> May, 2016

  
(DEEPAK KOTHARI)  
DIRECTOR

  
(MITESH KOTHARI)  
DIRECTOR

Ref. No. ....

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF KPL EXPORTS PRIVATE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of KPL EXPORTS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the 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 Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 adequate internal financial controls; 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.

#### Auditors' 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 and the Order under section 143 (11) of the Act.

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



Ref. No. ....

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 64(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".



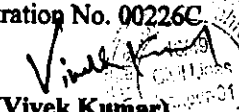
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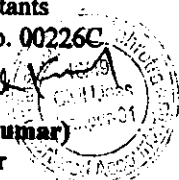
g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Kanpur  
Date : 19<sup>th</sup> May, 2016



For MEHROTRA & MEHROTRA  
Chartered Accountants  
Firm's Registration No. 00226C  
  
(Vivek Kumar)  
Partner  
Membership No. 408227





Ref. No. ....

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 KPL Exports Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Ref. No. ....

### **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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MEHROTRA & MEHROTRA**  
Chartered Accountants  
Firm's Registration No. 00226C

  
(Vivek Kumar)  
Partner

Membership No. 408227

Place: Kanpur  
Date : 19<sup>th</sup> May, 2016

Ref. No. ....

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

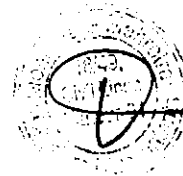
**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of accounts.
- (iii) (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (b) Not applicable to the Company.
- (c) Not applicable to the Company.
- (d) Not applicable to the Company.
- (e) The Company has taken unsecured loans from its holding company. In respect of this loan year ended outstanding was Rs.13793 Lacs.
- (f) The rate of interest and other terms and conditions are not prejudicial to the interest of the company.
- (g) The principal and interest are payable on demand and there is no repayment schedule.



Ref. No. ....

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax / Value Added Tax, Wealth Tax, Service tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Service-tax, Sales-tax / Value Added Tax, Custom duty and Cess as at 31st March, 2016 which were outstanding for a period of more than six months from the date they became payable.  
  
(b) According to the information & explanations given to us, there is no disputed amount payable in respect of Income-tax, Wealth-tax, Service-tax, Sales-tax / Value Added Tax, Custom duty and Cess as at 31st March, 2016.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and has not taken any term loan during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Reporting under clause (xi) of CARO 2016 is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.



Ref. No. ....

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, directors of its subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MEHROTRA & MEHROTRA  
Chartered Accountants  
Firm's Registration No. 00226C

(Vivek Kumar)  
Partner

Membership No. 408227

Place: Kanpur  
Date : 19<sup>th</sup> May, 2016

**KPL EXPORTS PVT. LTD**

**BALANCE SHEET AS AT 31st MARCH, 2016**

<b>L. EQUITY AND LIABILITIES</b>				
(1)	Shareholders' Funds			
	(a) Share Capital	2	6000000.00	2000000.00
	(b) Reserves and Surplus	3	1669920541.57	520253881.76
(2)	Non-Current Liabilities			
	Deferred Tax Liabilities (Net)	4	2995700.00	1689922.80
(3)	Current Liabilities			
	(a) Short Term Borrowings	5	3474910761.94	2155546032.67
	(b) Trade Payables	6	5566725139.00	599286882.00
	(c) Other Current Liabilities	7	7844582.00	2728232598.00
	(d) Short Term Provisions	8	22900000.00	20900700.00
			11011396724.51	11621692017.23
<b>II. ASSETS</b>				
(1)	Non-current Assets			
	(a) Fixed Assets			
	Tangible Assets	9	51093571.37	54297514.10
	(b) Non-current Investments	10	280326510.00	280326510.00
(2)	Current Assets			
	(a) Current Investment	11	6105799991.74	5349110646.23
	(b) Inventory	12	56909138.88	38598617.91
	(c) Trade Receivables	13	3467282630.75	3459884645.00
	(d) Cash and Cash Equivalents	14	460261404.43	19370998.61
	(e) Short Term Loans and Advances	15	590123477.34	526003084.38
	<b>Total</b>		11011396724.51	11621692017.23
	Significant Accounting Policies	1		
	Notes are an integral part of the financial statements.	2-38		
<p>AS PER OUR REPORT OF EVEN DATE ATTACHED For MEHROTRA &amp; MEHROTRA Firm Rego NO. 0002260 CHARTERED ACCOUNTANTS</p> <p><i>Vivek Kumar</i> (VIVEK KUMAR) Partner Membership No. 40827 Place: Kanpur Date: 19th May, 2016</p> <p><i>Ankita Bansal</i> (ANKITA BANSAL) Company Secretary</p> <p><i>Deepak Kothari</i> (DEEPAK KOTHARI) Director</p> <p><i>Mitesh Kothari</i> (MITESH KOTHARI) Director</p> <p align="right">For and on behalf of the Board</p>				

**KPL EXPORTS PVT. LTD**

**STATEMENT OF PROFIT & LOSS FOR PERIOD ENDED 31st MARCH, 2016**

		AMOUNT IN ₹	
		2016	2015
I.	<b>REVENUE FROM OPERATIONS :</b>		
	Revenue From Operations	16	11328365087.61
	Other Income	17	0.00
	<b>Total Revenues</b>		<b>11328365087.61</b>
II.	<b>EXPENSES :</b>		
	Cost of Material Consumed	18	1561779.96
	Purchases of Stock-in-trade	19	10722156140.04
	Increase (-) / Decrease (+) in Inventories of Stock-in-trade	20	-16592205.97
	Employee Benefit Expenses	21	5962777.00
	Finance Cost	22	155827512.19
	Depreciation	9	3203942.73
	Other Expenses	23	225459344.08
	<b>Total Expenses</b>		<b>11097679290.03</b>
III.	<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>230785797.58</b>
	(There is no discontinuing operation)		
	Less : Tax Expenses :		
	(1) Current Tax		8000000.00
	(2) Deferred Tax		1305777.20
	(3) Provision of Income Tax for Earlier Years (Net)		-186639.43
IV.	<b>PROFIT FOR THE YEAR</b>		<b>149666659.81</b>
V.	<b>BASIC &amp; DILUTED EARNING PER SHARE (in Rs.)</b>		
	(a) Basic		36.13
	(b) Diluted		36.13
	Significant Accounting Policies	1	
	Notes are an integral part of the financial statements.	2-34	

AS PER OUR REPORT OF EVEN DATE ATTACHED

For MEHROTRA & MEHROTRA

File Regn NO. 000226C

CHARTERED ACCOUNTANTS

(VIVEK KUMAR)

Partner

Membership No. 408227

Place: Kanpur

Date : 19th May, 2016

For and on behalf of the Board

(ANKITA BANSAL)  
Company Secretary

(DEEPAK KOTHARI)  
Director

(MITESH KOTHARI)  
Director

## Notes to Financial Statements

Note:1

**SIGNIFICANT ACCOUNTING POLICIES****1.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****A. SYSTEM OF ACCOUNTING :**

The Financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013.

**B. USE OF ESTIMATES :**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

**1.2. LEASE ACCOUNTING :**

- (i) All the lease agreements of the Company are in respect of operating lease of the premises (residential and business premises etc.).
- (ii) The aggregate lease rentals payable are charged to the Statement of Profit & Loss as Rent.
- (iii) The cancellable lease agreements are usually renewable by mutual consent at mutually agreeable terms.

**1.3. FIXED ASSETS AND DEPRECIATION :**

All fixed assets are stated at cost, comprising of purchase price, duty, levies and any direct attributable cost of bringing the assets to their working condition for the intended use. Depreciation is provided according to straight line method on the basis of useful lives of the assets as prescribed by the Schedule II to the Companies Act, 2013 and Provision for impairment loss is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount.

**1.4. INVENTORIES :**

Inventories are valued at cost arrived at FIFO basis or net realisable value whichever is lower.

**1.5. INVESTMENTS :**

Investments are stated at cost less fall in their market value, if considered permanent.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit or Loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

**1.6. TRANSACTIONS IN FOREIGN CURRENCY :****a) Initial recognition :**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

**b) Measurement of foreign currency items at the Balance Sheet date :**

Foreign currency monetary items of the Company are reinstated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

**c) Forward Exchange Contracts :**

In respect of the transactions covered by forward exchange contracts, the difference between the year end rates and the exchange rate at the date of contract is recognised in statement of profit and loss and the premium paid on forward contract is recognised over the life of the contract.

**1.7. REVENUE RECOGNITION:**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of CST / VAT and are net of returns.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

**1.8. PROVISIONS & CONTINGENCIES:**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**1.9. EARNING PER SHARE:**

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

**1.10. BORROWING COSTS:**

Borrowing Costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised. Other borrowing costs are expensed out.

**1.11. GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES:**

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.







Note:11	Current Investment		
	Fixed Deposit Accounts (Including interest accrued but not due)*	6105799991.74	5249110646.23
	<b>TOTAL</b>	<b>6105799991.74</b>	<b>5249110646.23</b>

\*Pledged with the banks as margin money or as collateral towards credit limits sanctioned by them to the Company

Note:12	Inventories (At cost not realisable value whichever is lower as certified by the management)		
	Trading Item	54197264.20	36740631.00
	Raw Material	1318315.00	0.00
	Finished Goods	993559.68	1857986.91
	<b>TOTAL</b>	<b>56099138.88</b>	<b>38590617.91</b>

Note:13	Trade Receivables (Unsecured Considered good)		
	(a) Debts outstanding for over six months	2510076.75	0.00
	(b) Other debts	3464772554.00	5459884645.00
	<b>TOTAL</b>	<b>3467282630.75</b>	<b>5459884645.00</b>

Note:14	Cash & Cash Equivalent		
	Cash & Bank Balances:		
	(i) Cash in hand	600845.00	605952.00
	(ii) Balances with Scheduled Banks In Current Accounts	459660559.43	18755047.61
	<b>TOTAL</b>	<b>460261404.43</b>	<b>19370999.61</b>

Note:15	Short Term Loans and Advances (Unsecured Considered Good)		
	Advance Income Tax and Tax Deducted at Source	268876429.41	228789106.63
	Other Loans & Advances		
	-Advance recoverable in cash or in kind or for value to be received or pending adjustments	321247047.93	297213977.75
	<b>TOTAL</b>	<b>590123477.34</b>	<b>526003084.38</b>

Note:16	Revenue from Operations		
	(a) Sales	3161510.00	18583466.70
	(b) Sales of Traded Goods	10868320921.30	10216527543.20
	(c) Other Operating Revenue		
	Interest Earned on Fixed Deposits held for Business Purpose	456882656.31	314359827.74
	<b>TOTAL</b>	<b>11328365987.61</b>	<b>10549470837.64</b>

Note:17	Other Income		
	(a) Rent Received	0.00	63500.00
	(b) Profit on Sale of Non Current Investment	0.00	21720000.00
	(c) Miscellaneous Income	0.00	0.00
	<b>TOTAL</b>	<b>0.00</b>	<b>21783500.00</b>

Note:18	Cost of Material Consumed		
	Opening Stock	0.00	0.00
	Add: Purchases	2880094.96	17110529.00
		<b>2880094.96</b>	<b>17110529.00</b>
	Less: Closing Stock	1318315.00	0.00
	<b>TOTAL</b>	<b>1561779.96</b>	<b>17110529.00</b>

Note:19	Purchases of Stock-In-trade		
	Purchases of Traded Goods	10722156140.04	10048061876.37
	<b>TOTAL</b>	<b>10722156140.04</b>	<b>10048061876.37</b>

Note:20	Increase (+) / Decrease(-) in Inventories of Stock-in-trade		
	Opening Stock		
	Finished Goods	1857986.91	0.00
	Trading goods	36740631.00	0.00
		<b>38590617.91</b>	<b>0.00</b>
	Closing Stock		
	Finished Goods	993559.68	1857986.91
	Trading goods	54197264.20	36740631.00
		<b>55190823.88</b>	<b>38590617.91</b>
		<b>-16592205.97</b>	<b>-38590617.91</b>



Note:21	Employee Benefit Expenses		
	Salaries, Wages and Bonus	5962777.00	4208576.00
	<b>TOTAL</b>	<b>5962777.00</b>	<b>4208576.00</b>

Note:22	Finance Cost		
	Interest Cost	155827512.19	133754771.08
	<b>TOTAL</b>	<b>155827512.19</b>	<b>133754771.08</b>

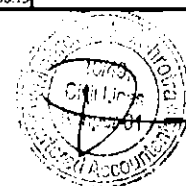
Note:23	Other Expenses		
	Manufacturing Expenses	1494767.46	0.00
	Electricity Expenses	1105410.00	535522.00
	CSR Expenses	4097415.00	3029793.00
	Bank Charges	36641371.11	44068846.91
	Freight Inward	6842378.00	7808176.00
	Rent	1424245.00	1428413.00
	Rates & Taxes	34132.00	160110.00
	Loss on Foreign Currency Transactions and Translation	137523019.00	91674950.00
	Repairs & Maintenance	261263.00	534900.00
	Selling & Distributions Expenses	28355837.00	0.00
	Miscellaneous Expenses	7652206.51	5689334.97
	Travelling & Conveyance	4200.00	16994.00
	Statutory Audit Fee	22900.00	22472.00
	<b>TOTAL</b>	<b>225499344.88</b>	<b>154969511.88</b>

Note:24	CONTINGENT LIABILITIES :-		
	Corporate Guarantee issued by the Company to Nationalised banks	0.00	900000000.00

Note:25	VALUE OF IMPORTS (C.I.F.BASIS) :		
	Stock-in-trade	10518349827.00	10007179609.00
Note:26	EXPENDITURE IN FOREIGN CURRENCY :		
	Import of Goods- Trading Items	10518349827.00	10007179609.00
	Travelling Expenses	0.00	0.00
Note:27	EARNING IN FOREIGN CURRENCY :		
	Export of goods on F.O.B. Basis	10684145151.00	9840220650.00
Note:28	Payments to Auditors :		
	As Auditors	22900	22472
Note:29	Payments to Directors :	NIL	NIL

Note:30	<p>Related Party Disclosures in accordance with the Accounting Standards (AS-18) 'Related Party Disclosures', issued by the Institute of Chartered Accountants of India are as under :</p> <p>(i) Names of Related Parties and Description of Relationship :</p> <p>(A) Key Managerial Personnel &amp; their Relatives :</p> <p>(a) Shri Deepak Kothari - Director (d) Smt. Roopa Shah</p> <p>(b) Shri Mitesh Kothari - Director (e) Mitesh Kothari RUP</p> <p>(c) Smt. Anu Kothari</p> <p>(B) Holding Company:</p> <p>Kothari Products Limited</p> <p>(ii) Summary of Transactions:</p>		
	On Account of Expense:-		
	1) Rent	61504.00	60672.00
	2) Interest on Loan	27129092.00	96354357.00
	3) Outstanding (Payable)	1379334456.35	1474367116.00
	Note : Since no amount is considered as bad & doubtful, neither provision is made for the same nor amount written off.		

Note:31	Earning Per Share :		
	(a) Profit after tax (Profit attributable to Equity Shareholders)	14966659.81	147948076.67
	(b) Weighted average nos. of Equity Shares for Basic / Diluted EPS	4142077	4142077
	(c) Nominal Value of Equity Share (in Rs.)	10.00	10.00
	(d) Basic Earning per Equity Share (in Rs.)	36.13	35.72
	(e) Diluted Earning per Equity Share (in Rs.)	36.13	35.72



Notes 32	The deferred tax liability amounting to Rs. 2995700.00 (Previous year Rs. 1689922.80) is on account of time difference of Depreciation which is capable of being reversed in one or more subsequent years. The deferred tax liability amounting to Rs. 1303777.20 (Previous year Rs. 1639100.66) has been provided during the year.					
Notes 33	(a) Unhedged Foreign Currency Exposures as at Balance Sheet date are as under:-					
			31.03.2016		31.03.2015	
	Particulars	Currency	Amount in Foreign Currency	Equivalent Indian Rupees	Amount of Foreign Currency	Equivalent Indian Rupees
	Export and other Receivables	USD	32275233	2140911130	NIL	NIL
	Import and other Payables	USD	79750844	5288778102	50907999	3231639777
	(b) Hedged Foreign Currency Exposures as at Balance Sheet date are as under:-					
			31.03.2016		31.03.2015	
	Particulars	Currency	Amount in Foreign Currency	Equivalent Indian Rupees	Amount of Foreign Currency	Equivalent Indian Rupees
	Net (Hedge in Export and other Receivables)	USD	18693600	1240006899	86692300	5509220856
	Net (Hedge in Import and other Payables)	USD	3693600	245007199	85564913	5431660677
Notes 34	There is no amount due to Micro Enterprises and Small Enterprises, based on the records and the information received from suppliers.					
Notes 35	In terms of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, provision for impairment loss on assets for the year is not required.					
Notes 36	In terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, there has been no Provision on beginning and at the end of the year, therefore, no disclosure requirements.					
Notes 37	During the year Company issued Two Right Equity Shares for every 1 Equity Share held. As a result 40 new Right Shares issued at a price of Rs. 260/- per Share (including Rs. 250/- per share as premium). Hence Paid up Equity Share Capital of the Company increased from Rs. Two Crores to Rs. Six Crores.					
Notes 38	The figures of previous year have been regrouped / recast wherever considered necessary to make them comparable with those of current year.					

# AS PER OUR REPORT OF EVEN DATE ATTACHED

For MEHROTRA & MEHROTRA

Firm Regn. No. 0002266

CHARTERED ACCOUNTANTS

*Vivek Kumar*

(VIVEK KUMAR)

Partner

Membership No. 30627

Place: Kanpur

Date: 19th May, 2016

For and on behalf of the Board

*Ankita Bansal*

(ANKITA BANSAL)

Company Secretary

*Dheepak Kothari*

(DHEPAK KOTHARI)

Director

*Mitesh Kothari*

(MITESH KOTHARI)

Director

2.2	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period	As at 31st March, 2016		As at 31st March, 2015	
		Number of shares	Amount	Number of shares	Amount
	Equity Share of Rs.10/- each fully paid up:-				
	Opening Balance	2000000	20000000	2000000	2000000
	Right Issue	4000000	40000000	-	-
	Closing Balance	6000000	60000000	2000000	2000000

2.3	Details of shares held by shareholders holding more than 5% shares	As at 31st March, 2016		As at 31st March, 2015	
	Class of shares/Name of shareholders	Number of shares held	holding %	Number of shares held	holding %
	Equity Share of Rs.10/- each fully paid up:-				
	M/s Kothari Products Limited	6000000	100.00%	2000000	100.00%

2.4	Details of shares held by the holding company		Number of Equity shares of Rs.10/- each fully paid up
	As at 31st March, 2016		
	Kothari Products Limited, the holding company		6000000
	As at 31st March, 2015		
	Kothari Products Limited, the holding company		2000000

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KPL EXPORT PVT. LIMITED

NOTE:9 FIXED ASSETS

PARTICULARS	GROSS BLOCK			As at 31.03.16	DEPRECIATION			NET BLOCK	
	As at 31.03.15	Additions	Transfer		For the year	Adjustment	Up To 31.03.16	As at 31.03.16	As at 31.03.15
Tangible Assets									
Building (Factory)	11580000.00	0.00	0.00	11580000.00	183350.00	0.00	366700.00	11213300.00	11396650.00
Plant & Machinery	44580424.91	0.00	0.00	44580424.91	2823426.91	0.00	5646853.82	38933571.09	41756998.00
Motor cars/Scooter	1349277.00	0.00	0.00	1349277.00	327678.40	0.00	487905.05	861371.95	1021598.60
Office Equipment	21500.00	0.00	0.00	21500.00	8170.00	0.00	12255.00	9245.00	13330.00
Computers	207500.00	0.00	0.00	207500.00	98562.50	0.00	131416.67	76083.33	108937.50
TOTAL	57738701.91	0.00	0.00	57738701.91	3441187.81	0.00	6645130.54	51093571.37	54297514.10
PREVIOUS YEAR	1578277.00	56160424.91	0.00	57738701.91	202254.16	0.00	3441187.81	54297514.10	



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

PARTICULARS	YEAR ENDED 31ST MARCH, 2016		YEAR ENDED 31ST MARCH, 2015	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit before Tax		230785797.58		228508757.57
Adjustments for:				
- Depreciation	3203942.73		3238933.65	
- Finance Cost	155827512.19		153754771.08	
- Net Unrealised Forex Gain (-) / Loss	-25480521.00		76411168.00	
- Net Profit on Sale of Investments	0.00	133550933.92	-21720000.00	211684872.73
Operating Profit before Working Capital Changes		364336731.50		440193630.30
Adjustments for:				
- Trade Receivables & Others	1929482396.07		-893973978.56	
- Inventories	-17910520.97		-38598617.91	
- Trade Payables & Others	-3081964690.00	-1170392814.90	2245297967.00	1312725370.53
Cash Generated from Operations		-806056083.40		1752919000.83
Net Income Tax Paid		-99901383.35		-109348985.19
Net Cash Flow from Operating Activities		-905957466.75		1643570015.64
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
- Purchase of Investments- Others	-856689345.51		-2553103769.43	
- Sale of Investments- Others	0.00	-856689345.51	37500000.00	-2515603769.43
Net Cash flow from/(used in) Investing Activities		-856689345.51		-2515603769.43
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>				
- Secured Loans from Banks	1414397388.92		-706247410.16	
- Loans from Holding Co	-95032659.65		1044279910.00	
- Issuance of Share Capital	1040000000.00		0.00	
- Finance Cost	-155827512.19	2203537217.08	-153754771.08	184277728.76
Net Cash flow from/(used in) Financing Activities		2203537217.08		184277728.76
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		440890404.82		-687756025.03
Cash & Cash Equivalents - Opening Balance		19370999.61		707127024.64
Cash & Cash Equivalents - Closing Balance		460261404.43		19370999.61

Note: The figures of previous year have been regrouped / recast wherever considered necessary to make them comparable with those of the current year.

AS PER OUR REPORT OF EVEN DATE ATTACHED

For MEHROTRA & MEHROTRA

Firm Regn NO. 000226C

CHARTERED ACCOUNTANTS

(VIVEK KUMAR)

Partner

Membership No. 408227

Place: Kanpur

Date : 19th May, 2016

For and on behalf of the Board

(ANKITA BANSAL)  
Company Secretary

(DEEPAK KOTHARI)  
Director

(MITESH KOTHARI)  
Director