



29th ANNUAL REPORT 2008-2009



..... a touch of luxury, style and softness

KG PETROCHEM LIMITED

REGD. OFF. : C-171, ROAD NO. 9J, V.K.I. AREA, JAIPUR-302 013 (INDIA)

Ph. : 0141-2331231 • Fax : 0141-2332845

E-mail : kgbags@rediffmail.com • Website : www.bhavikterryfab.in

MISSION STATEMENT

To be the global manufacturer and supplier of the highest quality products and services at a reasonable price to satisfy customers worldwide.

VISION

We are dedicated to deliver superior stakeholder value with passion and entrepreneurial spirit

VALUE

Integrity - Never compromised

Board of Directors

SHRI G.S.KANDOI, Chairman cum Managing Director
 SHRI MANISH SINGHAL, Executive Director
 SHRI AMAR CHAND GUPTA
 SHRI RAMESHWAR PAREEK
 SHRI NITIN JAIPURIA

Bankers

- BANK OF BARODA, V. K. I. AREA, JAIPUR.
- IDBI BANK, TONK ROAD, JAIPUR

Auditors

M/S. A. R. VIJAY & CO.
 Chartered Accountants
 202, Navjeevan Chambers, Vinoba Marg,
 M. I. Road, JAIPUR-302001

Corporate Advisor

MR. SANJAY KUMAR JAIN
 Company Secretary in Practice,
 504-A, Fifth Floor, Pink Tower,
 Behind Sahara Chambers, Opp. Nehru Garden,
 Tonk Road, JAIPUR-302015.

**Depository, Registrar &
 Share Transfer Agent**

M/S. NICHE TECHNOLOGIES PVT. LTD.
 D-511, Bagree Market, 71, B. R. B. Basu Road,
 KOLKATA 700001

Listing

BOMBAY STOCK EXCHANGE LTD., MUMBAI

Depository Participant

- NATIONAL SECURITIES DEPOSITORY LTD.
- CENTRAL DEPOSITORY SERVICES (INDIA) LTD.

Works

- PLOT NO.SP-4/3, RIICO INDUSTRIAL AREA,
 Village & Post : Keswana, Teh. Kotputli,
 Dist : Jaipur -303108
- C-171, Road No. 9J, Vishwakarma Industrial Area,
 JAIPUR-302013

Registered Office & Works: C-171, Road No. 9J, Vishwakarma Industrial Area, JAIPUR-302 013
Tel. No: 0141-2331231, Fax: 0141-2332845 email ID : kgbags@rediffmail.com

LETTER FROM THE CHAIRMAN

Dear Shareholders, I am happy to present your Company's 29th Annual Report. The year was full of activities and major decisions were taken in view of current global recession and economic scenario. The Company earned profit before tax of Rs.461.15 Lacs in comparison to Rs.265.46 lacs in previous year. The turnover also increased to Rs.5506.50 lacs in comparison to previous year Rs. 4922.64 i.e. 11.86% growth.

I would like to share with you some of the key developments during the year.

The Company reviewed the current market conditions and found that its woven sacks and health care divisions are not as much profitable as compared to textile division and agency division. Therefore the Company decided to shift its focus to textile division, agency division and phase out its woven sacks and healthcare division. The Company has started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs.2550.00 lacs for the project and I am proud to inform you that construction is going on full swing. The commercial production of I phase will commence by October 2009 and II phase March 2010.



Textile Div.: During the year under review, it has achieved turnover of Rs. 4517.79 lacs including export sales of Rs. 2089.90 lacs as against Rs.3774.21 lacs previous year. A growth of 19.70%.

Agency Div. It earned commission of Rs. 35.09 lacs as compared to last year Rs.17.63 lacs. The div. earned a profit of Rs. 68.59 lacs as compared to previous year Rs.32.49 lacs.

Woven Sacks Div. During the year under review, it has achieved turnover of Rs. 909.66 lacs in comparison to previous year 1074.35 i.e. decreased 15.33%

Health Care Div. The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 43.97 lacs in comparison to previous year Rs. 54.45 lacs i.e. decreased of 19.25%

We have steadily built our core area expertise, acquired new skills, and strengthened our management and leadership skills. The strategic investment and decision have accelerated our future growth, prospects and strongly positioned us for a big change.

Looking to overall financial position of your Company it has earned cash profit of Rs. 877.25 Lacs.

These new initiatives have provided us a new vision and a clear direction. I am confident that KG's strong foundation will continue to give us competitive edge in coming years and to achieve our mission.

In conclusion, I would thank you for patronising your confidence in the success of your Company. I also want to place on record the extraordinary contribution of Team KG. I reinforce our commitment to deliver long term and sustainable value to our shareholders.

With warm regards,

G. S. KANDOI

Chairman

NOTICE

Notice is hereby given that the 29th Annual General Meeting of **KG PETROCHEM LIMITED** will be held on Wednesday, the 23rd day of September, 2009 at 11.00 A.M. at registered office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date, together with the report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Amar Chand Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Next Annual General Meeting and to fix their remuneration :-

"RESOLVED that the M/S. KALANI & Co. Chartered Accountants, Jaipur from whom certificate pursuant to section 224(I-B) of the companies Act, 1956 has been received be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Audit Committee/Board of Directors of the company.

SPECIAL BUSINESS:

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

"RESOLVED that Mr. Nitin Jaipuria, who was appointed as an Additional Director in the meeting of the Board of Directors of the company held on 13th July 2009, pursuant to section 260 of the companies Act, 1956 read with Article 77 (b) of the Articles of Association of the Company and who holds office up to the date of Annual General Meeting and in respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Nitin Jaipuria as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the company liable to retire by rotation."

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

"RESOLVED that in accordance with the provision of the section 198, 269, 309, 310, 314 read with schedule XIII and all other applicable provision of the Companies Act, 1956 the company be and hereby re-designate Mr. Manish Singhal as Executive Director of the company on the terms and conditions submitted to this meeting and for identification, signed by the Chairman hereof, which agreement, be and is hereby specially approved

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provision of Section 198, 269, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956, read with schedule XIII of the Companies Act, 1956 (including any statutory reenactment thereof) and subject to such other approvals as may be necessary, for the time being in force, Mr. G. S. Kandoi, be and is hereby appointed as Chairman-cum-Managing Director of the Company for a period of three years w.e.f. 30.07.2009 as per gist of terms and conditions submitted to this meeting and for identification, signed by the Chairman hereof, which agreement, be and is hereby specially approved.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

For & on behalf of the Board

Place: JAIPUR
Date : 30th JULY 2009

(G.S.KANDOI)
CHAIRMAN

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself. A proxy need not be a member of the company. The Instrument appointing a Proxy in order to be effective should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of member and Share Transfer Book of the company will remain closed from 17th September, 2009 to 23rd September, 2009 (both days inclusive).
3. Members are requested to notify change of address, if any, to the company.
4. Members are requested to put their signature at the space provided on the attendance slip annexed to the proxy form and handover the slip at the entrance of the place of the meeting.
5. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
6. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
7. As per the provisions of the Companies Act, 1956 facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination form can be obtained from the registrar & Transfer Agent of the company.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)**Item No.3:**

The Retiring auditors, namely M/S. A. R. VIJAY & CO., Chartered Accountants have given notice in writing of their unwillingness to be re-appointed and that a special notice in terms of provisions of section 190 of the companies act, 1956 read with section 225 of the act has also been received from shareholders of the company for the appointment of new Auditors M/s KALANI & Co. Chartered Accountants, Jaipur, in place of the retiring auditors M/s A. R. VIJAY & CO., Chartered Accountants. A written certificate has been obtained from M/s KALANI & Co. Chartered Accountants, Jaipur to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224 (1B) of the Act.

Your directors recommend the resolution for your approval.

None of the Director is concerned or interested in this resolution.

Item No.4:

The Board of Directors of the Company appointed Mr. Nitin Japuria as an additional Director in its meeting held on 13th July 2009. The aforesaid appointment was made as per provisions of section 260 of the Companies Act, 1956 read with article 77 (b) of the Articles of Association of the Company he holds office upto the date of Annual General Meeting the Company has received notice in writing from a member alongwith deposit of Rs.500/- signifying his intention to propose Mr. Nitin Jaipuria as Director in terms of section 257 of the Companies Act, 1956.

The Board of directors considered that it will be in the interest of the company to continue to have Nitin Jaipuria as Director liable to retire by rotation.

The Board of Directors recommends the passing of the resolution as set out as item no.5 of the accompanying notice for appointment of the said director.

No other director expects Nitin Jaipuria is interested in the resolution.

Item No.5:

As Mr. Manish Singhal has resigned from Managing Directorship in the Company. The Board of directors feels that for the sake of continuity of the present management and for the efficient working of the Company, the services of Shri, Manish Singhal should be available to the company as an Executive

Director for further 3 years w.e.f 30th July 2009 on the terms and conditions set out in the draft agreement, subject to the approval of the company by a Special Resolution:-

The material terms of appointment /remuneration payable to Shri Manish Singhal are as given hereunder :-

Period of appointment: 30th July, 2009 to 29th July, 2012

Remuneration:

Salary: Rs.50000/- p.m. with suitable increases as may determined by the Board of Directors of the Company.

Perquisite, Allowance & others benefits:

Perquisites shall be allowed in addition to salary. Perquisites in Category-A and in excess of exemption from Income Tax in Category-B shall be restricted to an amount not exceeding 100% of annual salary.

Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows:-

Category "A"

This will comprise housing, medical reimbursement, leave travel concessions, club fees and other benefits, allowances, expenses etc. these may be provided for as under:

I Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary.

In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee.

II Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.

III Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.

IV Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.

V Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.

VI Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the company.

Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.

Notes : For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.

Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.

Category B

Company's Contribution towards Provident Fund, Super-Annuation Fund or Annuity Fund as per the Rules of the Company

Contribution to Provident Fund, Super-annuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.

Gratuity payable shall be in accordance with the rule of the company.

Earned Leave: on full pay and allowances as per the rules of the Company. Leave accumulated shall be Encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.

Category "C"

Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.

The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company.

Minimum Remuneration

Where in any financial year during the currency of tenure of the managing director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.

The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may at its discretion deem fit.

The Board of Directors recommends the passing of the resolution as set out as item no.5 of the accompanying notice for appointment of the said director.

No other director except Mr. G.S. Kandoi and Mr. Manish Singhal are interested in the resolution.

Item No.6

Due to resignation of Sh. Manish Singhal from Managing Director of the Company w.e.f. 30.07.2009, it is felt mandatory to comply with the provisions under the Companies Act, 1956 to have a Managing Director in the Company. The Board decided to appoint Mr. G. S. Kandoi as Chairman-cum-Managing Director of the company with effect from 30.07.2009.

The material terms of appointment /remuneration payable to Shri G.S. Kandoi are as give as under :-

Period of appointment: 30th July, 2009 to 29th July, 2012

Remuneration:

Salary: Rs.50000/- p.m. with suitable increases as may determined by the Board of Directors of the Company.

Perquisite, Allowance & others benefits:

Perquisites shall be allowed in addition to salary. Perquisites in Category-A and in excess of exemption from Income Tax in Category-B shall be restricted to an amount not exceeding 100% of annual salary.

Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows:-

Category "A"

This will comprise housing, medical reimbursement, leave travel concessions, club fees and other benefits, allowances, expenses etc. these may be provided for as under:

- I Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary.

In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee.

- II Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.

- III Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.
- IV Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.
- V Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.
- VI Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the company.

Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.

Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.

Perquisites shall be evaluated as per Income Tax Rule wherever applicable and in the absence of any such rule. Perquisites shall be evaluated at actual cost.

Category B

Company's Contribution towards Provident Fund, Super-Annuation Fund or Annuity Fund as per the Rules of the Company

Contribution to Provident Fund, Super-annuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.

Gratuity payable shall be in accordance with the rule of the company.

Earned Leave: on full pay and allowances as per the rules of the Company. Leave accumulated shall be Encashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.

Category "C"

Provision of car with Driver for use in Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.

The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company.

Minimum Remuneration

Where in any financial year during the currency of tenure of the managing director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above.

The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may at its discretion deem fit.

RESOLVED FURTHER THAT Shri G. S. Kandoi, Director of the Company, be and is hereby authorized to file relevant eform with the Registrar of Companies/MCA Authorities in this regards and to carry out all necessary formalities under the provisions of the Companies Act, 1956 and listing guidelines and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

No other director is concerned or interested except Shri G. S. Kandoi and Shri Manish Singhal being relative of Shri G.S. Kandoi.

The Board of Directors recommends the passing of the resolution as set out as item no.6 of the

accompanying notice for appointment of the said director.

The explanatory statement together with the notice should be treated as an abstract of the terms of appointment and memorandum of concern or interest under section 302 of the Companies act, 1956.

For & on behalf of the Board

Place: **JAIPUR**

Date : **30th JULY 2009**

(G.S.KANDOI)
CHAIRMAN

BRIEF PROFILE OF DIRECTORS AS PER CLAUSE 49 OF LISTING AGREEMENT

Particulars	Shri G. S. Kandoi	Shri Manish Singhal	Shri Amar Chand Gupta	Nitin Jaipuria
Date of Birth & Age	07.11.1943 (65 Years)	10.08.1972 (37 Years)	26.08.1944 (63 Years)	12.02.1973 (36 Years)
Date of appointment on the Board	05.09.2003	01.06.2000	26.06.2006	13.07.2009
Qualification	B.E.(Mech.) PILANI	M.S.(CHEMICAL) from University of Florida, USA & B. TEC from IIT, DELHI	B.E. (ELECTRICALS) From BITS PILANI	B. COM.
Expertise in Functional areas	Management & Finance	Management & Marketing	Production	Textile Wholesale Business
Directorship held in other companies as on 31st March 2009	Chrome International Co. Ltd. (Resigned 11.07.09)	Chrome International Co. Ltd. (Resigned 30.04.09)	NIL	NIL
Memberships / Chairmanships of committees in other public Companies	NIL	NIL	NIL	NIL
No. of Shares Held	415000	471900	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

The Directors take great pleasure in presenting their 29th Annual Report on the business and operations of the Company and the audited financial statements for the year ended March 31, 2009.

The facts and figures presented before you reflect more than just your Company's financial performance. You will also find results of your company, management's effort to take your company from strength to strength even in this highly competitive and volatile market, producing better returns in turn.

FINANCIAL RESULTS:

	<u>2008-2009</u>	(Rs. in Lacs) <u>2007-2008</u>
Sales/income from operation	5506.50	4922.64
Other Income	121.51	40.70
 Total Expenditure (Including variation in stock)	 4543.97	 4162.42
 Profit before Interest, Depreciation & Tax	 1084.04	 800.92
 Financial Expenses	 207.51	 222.22
 Profit/(Loss) before deprecation & Tax	 876.53	 578.70
Deprecation	415.38	313.24
Provision for Taxation	267.35	32.72
Profit/(Loss) after Tax	193.80	232.74
Prior Period Adjustment (Dep.)	--	39.52
Profit & Loss brought forward	704.97	432.70
Balance Carried to Balance Sheet	898.77	704.96

RESULT OF OPERATIONS:

During the year the company was able to improve its performance in terms of sales, specially in Textile Division & Agency Division. The overall total income increased from Rs.4922.64 lacs to Rs. 5506.50 lacs, a growth of 11.86% over the previous financial year. The overall Net Profit before Tax increased from Rs. 265.46 lacs to Rs 461.15 lacs

Further Segment wise result of operation is as under:-

Woven Sacks Division:- During the year under review, it has achieved turnover of Rs. 909.66 lacs in comparison to previous year Rs.1074.35 Lacs i.e. decreased 15.33%

Agency Division:- It earned commission of Rs. 35.09 lacs as compared to last year Rs.17.63 lacs. The div. earned a profit of Rs. 68.59 lacs as compared to previous year Rs.32.49 lacs.

Health Care Division:- The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 43.97 lacs in comparison to previous year Rs. 56.45 lacs i.e. decreased of 19.25%

Textile Division:- During the year under review, it has achieved turnover of Rs. 4517.79 lacs including export sales of Rs. 2089.90 lacs as against Rs.3774.21 lacs previous year. A growth of 19.70%.

The Company has diversified its business into four largely independent Division i.e Agency, Healthcare, Textile and Woven Sacks Division. While the woven sacks and health Care are phased out and full concentration is shifted towards textile division and agency division with a view to improve and strengthen its productivity and quality. The Board of Directors have concluded its process of sale and dispose off the major part of the Assets of Woven Sacks Division of the Company.

Now the company is going to organize its new business with Indian Oil Corporation for Indore (MP), due to different characteristics of this business. The new business structure is expected to facilitate development of a business strategy that mirrors industry opportunities and dynamics, renewed focus on strengthening the domain expertise, acquiring new capabilities and a more client-driven approach to improve sales and business development.

NET WORTH

Your company continued to perform creditability in 2008-2009, as well. The year saw your Company's Net worth growing from Rs.1388.30 lacs in the previous year to Rs.1582.82 Lacs as on 31st March, 2009.

MANUFACTURING AND QUALITY INITIATIVES:

The Company follows the best practices for process/quality excellence. The Company also follows process/quality improvement methodologies.

In textile division your company could process 1971.848 MT yarn during 2008-09 in comparison to 2065.698 MT yarn during 2007-08. The management is continued to maintain its present performance in future.

In woven sacks division your company could process 1180.075 MT polymers during 2008-09 in comparison to 1384.627 MT polymers during 2007-08.

LABOUR RELATION

During the year under review, the labour relations remained satisfactory. The relations with the labours are cordial and all the workers, during the year under review, achieved good quality production.

EXPORT

The company is making efforts to export its terry towel products. This product is highly sophisticated and will enhance new point in the international market that will increase the company's creditability. During the year under review the company made an export of its product worth Rs.2089.90 Lacs against Rs 1098.88 lacs in the year 2007-08.

DIVIDEND

Your Directors are unable to recommend any dividend during the year under review to conserve funds for expansion/diversification in new business

PROJECTS AND EXPANSIONS

The long term out look for terry towel is encouraging. The Company continued its emphasis on technology upgradation, modernization and product & market development. Its quality is well established and accepted in the international market. The Company is focusing on value added products such as embroidered terry towels, which are fetching higher price realization. The appreciation pf US dollar against rupee by almost 20% in the last year has again revived to whole exporters.

As discussed in the previous annual general meeting, with the utmost zeal, the management of your company has started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs.2550 lacs for the project and construction is going on full swing. The Commercial production of I phase will commence by October 2009 and II Phase by March 2010.

The company's increased capacity and product diversification shall result in improving the bottom line and company will perform better during current financial year.

DIRECTORS:

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Amar Chand Gupta retire by rotation at the ensuing AGM and are eligible for re-appointment and being eligible offer themselves for reappointment.

During the year, Mrs. Preeti Singhal was appointed as an Additional Director under section 260 of the Act w.e.f.30.04.09.

During the year, Mr. Nitin Japuria, was appointed as an Additional Director w.e.f.13.07.09 under section 260 of the Act and Liable to hold office upto the ensuing Annual General Meeting, being eligible offers himself for re-appointment. The company has received necessary notice under section 257 of the Act. Board of Directors recommend his reappointment.

During the year under review Mr. Vivek Singhal, Mr. A.S. Patani and Mrs. Preeti Singhal have tendered their resignations from Directorship w.e.f.30.04.09, 30.06.09 and 13.07.09 respectively and ceased to be Directors of the Company.

Mr. Manish Singhal has resigned on 30.07.2009 from Managing Director ship and ceased from Managing Directorship of the company with effect from 30.07.09. In view the responsibilities assigned to Mr. Manish Singhal and his role in the development of the Company, the Board decided to re-designate him as Whole Time Executive Director of the Company with effect from the date of 30.07.2009 and Mr. G. S. Kandoi was appointed as Managing Director of the Company w.e.f.30.07.2009.

Brief resumes of the appointee Directors are given elsewhere in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements 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 as at 31st March, 2009 and of the profit of the Company for the year;
3. 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, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That the annual accounts were prepared on a going-concern basis.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Reports on Corporate Governance and Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement are separately given in the Annual Report and forms part of the Director Report.

COMMITTEES OF THE BOARD

There are following committees of the Board of Directors of the Company:-

Audit Committee

Remuneration Committee

Investor Grievance Committee

Share Transfer Committee

Finance Committee

The detailed report on the Committees, its constitution, its role/functions etc. forms part of the corporate governance report.

INTERNAL CONTROL SYSTEM

Your company maintains adequate internal control systems, which provide among other things, reasonable assurance of recording its operation in all material respect and regards against any misuse or loss of the company's assets. The Company has an internal audit team with professionally qualified financial personnel which conduct periodic audits of all businesses to maintain a proper system of checks and control.

AUDITORS

The Company's Auditors, M/s. A. R. Vijay & Co., Chartered Accountants, who retire at the ensuing AGM, have expressed their unwillingness to be re-appointed as Auditors of the Company.

A special notice in terms of provisions of section 190 of the companies act, 1956 read with section 225 of the act has also been received from shareholders of the company for the appointment of new Auditors M/s KALANI & Co. Chartered Accountants, Jaipur, in place of the retiring auditors M/s A. R. VIJAY & CO., Chartered Accountants from the conclusion of ensuing AGM. M/s. Kalani & Co. has confirmed their eligibility under Section 224 of the Companies Act, 1956 for appointment as Auditors of the Company.

AUDITORS' REPORT

The Auditors' Report is self-explanatory and do not call for any further comments.

PARTICULARS OF EMPLOYEES:

There were no employees whose remuneration was in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSITS:

During the year, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

COMPLIANCE REPORT

Towards, company's commitment to transparency and due compliance of applicable laws, the board is pleased to enclose compliance report in annexure "A" for the year 2008-2009 as a part of the Director Report.

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

Information in accordance with Sec.217(1)(e) of the companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 is given in Annexure 'B' forming of this report.

FORWARD LOOKING STATEMENTS

This report including Report on Corporate Governance, Management Discussion & Analysis contains forward-looking statements that involve risks and uncertainties. Your company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements.

ACKNOWLEDGEMENTS

The Board of Directors thanks the Company's customers, vendors, bankers and business associates for their support and assistance. The Company also expresses its gratitude to the DGFT, Ministry of Textile and various Governmental departments and organisations for their help and co-operation.

The Board places on record its appreciation to all the employees for their dedicated service. The Board appreciates and values the contributions made by every member and is confident that with their continued support the Company will achieve its objectives and emerge stronger in the coming years.

We take this opportunity to thank the employees for their contribution to the growth and success of your company. We would also like to thank all other stakeholders and business associate for their report.

On behalf of the Board of Directors

Place: JAIPUR
Date : 30th JULY 2009

(G.S.KANDOI)
CHAIRMAN

COMPLIANCE REPORT

To
The Members,

We are pleased to confirm that the Company has:

Maintained all the books of accounts and statutory registers required under the Companies Act, 1956 ("the Act") and the rules made there under.

Filed all the forms and returns and furnished all the necessary particulars with the Bombay Stock Exchange, SEBI, Ministry of Corporate Affairs and the Registrar of Companies, Rajasthan, as required by the Act and relevant Rules.

Issued all notices required to be given for convening of Board/ Committee Meetings and General Meeting, within the time limit prescribed by law.

Conducted the Board/Committee Meetings and Annual General Meeting as per the Act.

The Board of Directors of the company is duly constituted. The appointment of directors has been made in accordance with the provisions of the Act.

Complied with all the requirements relating to minutes of the proceedings of the meeting of the Directors/ Committee and the shareholders.

Made due disclosure required under the Act.

Not exceeded the borrowing powers.

No penalties or strictures have been imposed on the company by the Stock Exchange, Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to Capital Markets during the last three years.

The company has generally complied with the applicable provisions of the Listing Agreements with the Stock Exchanges.

For KG Petrochem Limited

Place: JAIPUR
Date : 30th JULY 2009

(G.S.KANDOI)
CHAIRMAN

Annexure "B" Annexed to the Directors' Report

Particulars as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2009.

CONSERVATION OF ENERGY

The Company's efforts at energy conservation through close monitoring and control are continue.

(a) The Energy Conservation measures taken are:

- (i) Providing energy efficient motors to reduce the consumption of power.
- (ii) Using Variable Frequency Drive (VFD) on compressor to reduce power consumption.
- (iii) Providing efficient lighting to reduce the light load.
- (iv) Providing transparent sheets on the roof where there is no false ceiling to switch off lights during the day time.
- (v) Using agro waste to generate steam in the Boiler which improves the environment

(b) Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods.

This will reduce the consumption as well as cost of power.

(c) Total energy consumption and energy consumption per unit of production in respect of industries specified in the schedule thereto. Impact of the above measures for reduction of energy and consequent impact on the cost of production of goods. As per form 'A' below.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Units	6494555 KWH	4775390 KWH
Total Amount (Rs.)	27832766.00	20210807.00
Rate/Unit (Rs.)	4.29	4.23
(b) Own generation		
Through Diesel Generator		
Units	401701	310596.810
Units per Ltr. of diesel oil	3.33	3.00
Cost/Unit	8.74	8.41
2. Coal, Petcoke, Husk, etc.		
(Used for Generation of Steam in Boiler)		
Steam (MT)	21856.623	4786.743
Total Amount (Rs.)	18642127	12007164.3
Average Rate/MT (Rs.)	852.93	-

B. TECHNOLOGY ABSORPTION:

The company is using indigenous technology. However research & development (R&D) activities are carried out in the following areas. As per form 'B' below.

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

- 1. Research & Development (R&D)
 - (a) Specific areas in which R&D carried out by the Company.
The company gives major emphasis on Research & Development in Production Development Activities relating to Manufacturing.

(b) Standardization of raw material sources and process parameters to match best quality standard conforming to the product division.

2 Benefit derived as a Result of the above R&D

The continuous product development has helped the company to expand the market base. This also helped the company in reduction of cost and process scrap where ever possible.

3. Further plan and action

The growing competition and frequently changing market trends have made Research and Development a 'thrust area'. For the company, Research and Developments a continuous process and the company proposes to reinforce its R&D activities in the current and the coming years as well.

4. Expenditure on R & D

R & D expenditure have not been accounted for separately

Technology absorption, Adoption and innovation

(i) Efforts in brief made towards Technology absorption, adoption being imparted and innovation.

In-house training is being imparted to plant personnel to get conversant with The Technology Employed.

(ii) Benefits derived as a result of improvement cost reduction product development, import substitution etc.

Up gradation and standardization in process parameters that helped in reducing process scrap and productivity improvement

(iii) Particulars of Technology imported

None

C. Foreign Exchange Earnings / Out go :

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company is engaged in the manufacture and export of Terry Towel. Your company is making efforts to increase export markets in the countries like South Africa, U.S.A., Canada and Europe. We foresee good potential in these countries.

Total foreign exchange earnings and outgo:

Total foreign exchange earnings and outgo:

	2008-09	2007-08
Earnings	2065.11 Lacs	1024.25 lacs
Out go	43.06 Lacs	7.91 lacs

For & on behalf of the Board

Place: JAIPUR
Dated: 30th JULY 2009

Sd/-
(G. S. KANDOI)
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

The Report on Management discussion and Analysis in compliance with the Clause 49 of the Listing Agreement with the Stock Exchange is as under:

BUSINESS OF THE COMPANY

Your company (ISO 9001:2000 Certified Company) is engaged in the business of manufacturing and services as well.

- (i) Manufacturing and marketing of HDPE/PP Woven Sacks since 1995 that finds a wide range of industrial applications. The application of the product covers Cement, Sugar, Fertiliser, etc.,
- (ii) Manufacturing and marketing of Terry Towel, Fabric, Made-ups, etc. in the domestic market as well as abroad and working satisfactorily.
- (iii) Consignment Stockiest of GAIL (I) LTD. for marketing and distribution of polymers, AND (iv) Franchisee of The Apollo Health & Lifestyle Ltd. under the brand name "THE APOLLO CLINIC."

REVIEW OF OPERATIONS

The Company reviewed the current market conditions and found that its woven sacks and health care divisions are not as much profitable as compared to textile division and agency division. Therefore the Company decided to shift its full concentration to textile division, agency division and phase out its woven sacks and healthcare division. The Company has started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs.2550.00 lacs for the project and I am proud to inform you that construction is going on full swing. The commercial production of I phase will commence by October 2009 and II phase March 2010.

Textile Div.: It has employed highly technical and expert engineers to run the plant smoothly. The project is fully implemented and marketing its product in various countries abroad. The management of your company is very much hopeful with regard to increase in its turnover as the use of Indian cotton product is highly preferable in overseas countries and the product has become a necessity of the people all around the world. During the year under review, it has achieved turnover of Rs. 4517.79 lacs including export sales of Rs. 2089.90 lacs as against Rs.3774.21 lacs previous year. A growth of 19.70%.

Agency Div.: Your Company is consignment stockiest for Gail (India) Ltd. since 1999. In this Division the Sale of polymers (HDPE, LLDPE, etc.) was 8817.124 MT in comparison of 4879.761 MT in previous year, thus increased by 80.69%. The company is receiving good response from customers in this sector. The management of your company is hopeful with regard to increase in turnover of agency division as the use of polymer product has become a necessity of the market. It earned commission of Rs. 35.09 lacs as compared to last year Rs.17.63 lacs. The div. earned a profit of Rs. 68.59 lacs as compare to previous year Rs.32.49 lacs.

Woven Sacks Div.: During the year under review, it has achieved turnover of Rs. 909.66 lacs in comparison to previous year 1074.35 i.e. decreased 15.33%. This Division is not as much profitable as compared to Textile Division. Therefore your Management has decided to phase out from woven sacks Division.

Health Care Div.: This division has also not achieved good performance during the year under review. It has achieved Income from operations of Rs. 43.97 lacs in comparison to previous year Rs. 54.45 lacs i.e. decreased of 19.25%.

OPPORTUNITIES

The Company has carved a niche for itself in the Terry Towel and Terry Toweling. The quality of the Company's products is well recognized. Embarking on this strength we are constantly working towards expanding the market for Company's products to other countries apart from our present work areas.

The long term out look for terry towel is encouraging. The Company continued its emphasis on technology upgradation, modernization and product & market development. Its quality is well established and accepted in the international market. The Company is focusing on value added products such as embroidered terry towels, which are fetching higher price realization. The appreciation of US dollar against rupee by almost 20% during last year has again benefited our company.

CHALLENGES

Since the foreign currency market has been very volatile, therefore it is difficult to predict the rupee movements against this currency for the time being. Strengthening of the Rupee as predicted is always a cause for concern for export unit.

The present recession in the economy and ever rising competition from neighboring countries may cause the reason of threat to the Company.

Movement for changes in crop pattern and environment factor may lead to raw material scarcity.

BUSINESS OUTLOOK

With the efficient management and employee strength to boast of, the Company constantly endeavors to keep with the trend of increase in the turnover and reduction in expenses. We therefore hope to keep this trend going with ongoing efforts to increase the domestic as well as new foreign markets, adequately training the manpower to effect the reduction in costs and increase in productivity and efficiency. International as well as domestic competitive market environment continues to put pressure on the company's selling price of the product. With the implementation of expansion project, which will increase the capacity by 3000 MT terry towel. Due to these measures and expansion, the company expects to increase its turnover substantially in next coming years.

INTERNAL CONTROL SYSTEM

Commensurate with the size of the Company and nature of business, the Company has adequate system of internal control procedures. All the assets are safeguarded, protected against loss and all transaction are authorized, recorded and recorded correctly. The internal control system of the Company are monitored and evaluated by external auditors and their internal audit report is periodically placed and reviewed by the Audit Committee of the Board of Directors.

FINANCE & FINANCIAL RISKS

During the year under review your company has maintained high liquidity position. It regularly makes payment of installment of Rs. 83.00 lacs every quarter against term loan sanctioned by Bank of Baroda for Terry Towel Project, to the tune of Rs. 23.12 crore. The management of your company has started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity.

IDBI has sanctioned term loan of Rs. 2550 lacs for the project and construction is going on full swing. The Commercial production of I phase will commence by October 2009 and II Phase by March 2010.

Financial risk could include heavy depreciation of dollar against rupee which may impact sales realization and margin in Textile Division. Moreover hardening of interest rate has put heavy burden on the company due to term loan and working capital interest outgo has gone up exorbitantly.

STATUTORY COMPLIANCE

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

INDUSTRIAL RELATIONS

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

HUMAN RESOURCES

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

For & on behalf of the Board

Place: JAIPUR
Dated: 30th JULY 2009

Sd/-
(G. S. KANDOI)
Chairman

CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for listed companies vide Clause 49 of the Listing Agreement with the Stock Exchange. Corporate governance is a corporate discipline extended for transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve excellence to enhance stakeholders' value by focusing on long-term value creation without compromising on integrity, social obligations and regulatory compliances.

The Code of Corporate Governance becomes applicable to the Company. KG Petrochem Ltd.'s compliance with these requirements is presented in this chapter.

We believe that sound corporate governance is critical to enhance and retain investor trust. Accordingly, we always seek to attain our performance rules with integrity. The Board extends its fiduciary responsibilities in the widest sense of the term.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long term value by way of providing necessary guidance and strategic vision to the company. The company has set out to achieve its Vision 2009 i.e. to seize the opportunities of tomorrow and create a future that will make KG positive company and to continue to improve the quality of life of its employees and the communities it serves. The company is and will continue to focus its resources, strengths and strategies, in order to achieve this Vision, while upholding the core values of transparency, integrity, honesty and accountability which are fundamental to the KG Group.

The company's corporate governance philosophy is based on the following principles:

1. Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
2. Be transparent and maintain high degree of disclosure levels.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicate externally, in a truthful manner, about how we run our company internally.
5. Have a simple and transparent corporate structure driven solely by the business needs.
6. Management is the trustee of the shareholders' capital and not the owner.

Your Company believes that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance.

Over the course of time, the board has developed corporate governance guidelines to help fulfill its corporate responsibility to various stakeholders. This ensures that the board will have necessary authority and practices in place to review and evaluate the company's operations as and when needed. Further it allows the board to make decisions that are independent of the company's management. These guidelines are intended to align the interests of the directors and the management with those of the company's shareholders.

BOARD COMPOSITION

The composition of the Board of Directors of the Company is in conformity with the code of corporate governance recommended by SEBI and clause 49 of the listing agreement with the stock exchanges. The structure of the Board for the Financial Year 2008-2009 is as under:

Name of Directors & DIN No.	Status	Board Meeting during the year	Attendance at last AGM	Number of Directorship Held in other Companies	Board Committee Membership/ Chairmanship held in other companies
Sh. G.S. Kandoi – 00120330	Chairman & Managing Director (Executive as MD appointed on 30/7/09)	5	Yes	1	-
Sh. Manish Singhal - 00120232	Director (Executive)	4	Yes	1	-
Sh. Vivek Singhal - 00120296	Director (Executive) (Resigned 30.4.2009)	5	Yes	-	-
Sh. A.S.Patani – 00300054	Non Executive & Independent (Resigned 30.6.2009)	4	Yes	-	-
Sh. Arvind Kucheria – 00037554	Non Executive & Independent (resigned on 29.05.08)	1	—	-	-
Sh. Amar Chand Gupta-00534918	Non Executive & Independent	5	Yes	-	-
Sh. Rameshwar Pareek-00014224	Non Executive & Independent (Appointed on 29.5.2008)	4	Yes	2	2
Shri Nitin Jaipuria -02723324	Non Executive & Independent (Appointed on 13.7.2009)	NIL	No	NIL	NIL

Meeting of Board of Directors held on 29.05.08, 01.07.08, 31.07.08, 30.10.08, 30.01.09 during the year under review.

COMMITTEES OF THE BOARD

In accordance with the Listing Agreement with the stock exchange on Corporate Governance, the following committees, comprising highly experienced and professional board members, were in operation:

1. Audit Committee
2. Remuneration Committee
3. Investors' Grievance Committee
4. Share Transfer Committee
5. Finance Committee

AUDIT COMMITTEE

The Audit Committee comprises 3 independent directors having finance, accounts and legal back ground. The Statutory Auditors and the CEO are invited to attend and participate at the meeting of the committee.

Scope of Audit Committee:

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Overseeing of the company's financial position with regard to banking arrangement and the disclosure of its financial information to ensure the financial requirements is sufficient and credible.
3. Recommending the appointment and removal of external auditor, fixation of audit fees and approval for payment for any other services.
4. Reviewing the management the annual financial statements before submission to the board, focusing primarily on:
 - Any change in accounting policies and practices,
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustment arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirement concerning financial statements.
 - Any related party transaction i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
5. Reviewing with the management, external and internal audit, and the adequacy of internal control system.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors and significant findings and follow up thereon.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
9. Discussions with external auditors before the audit commence nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
10. Reviewing the company's financial and risk management policies.
11. To look the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Meeting of Audit Committee held on 28.5.2008, 30.7.2008, 30.10.2008 & 30.1.2009 during the year under review.

Name of Member	No. of meetings	
	Held	Attended
1. Mr. A.S.Patani (Chairman) (Resigned on 30.06.09)	4	4
2. Mr. Arvind Kucheria (Resigned 29.5.08)	4	1
3. Mr. Amar Chand Gupta	4	4
4. Mr. Rameshwar Pareek	4	3
5. Mr. Nitin Jaipuria	4	Nil (Due to appointed on 13.7.09)

REMUNERATION COMMITTEE

The Remuneration Committee was set up to evaluate compensation and benefits for the Directors and to frame policies and systems thereof.

The Remuneration Committee has been constituted with two independent directors and headed by an Independent Director.

Sh. Amar Chand Gupta, Chairman

Sh. Nitin Jaipuria, Member

Sh. Rameshwar Pareek, Member

- Function :
- to institute and guide compensation and benefits policies
 - to determine and recommend to the Board, compensation payable to Executive Directors.
 - to determine the extension of tenure of service of any director.
 - periodical appraisal of the performance of Executive Directors.

Details of remuneration paid to Executive Directors for the year as approved by the Remuneration Committee is as under:

- | | |
|------------------------|---------------|
| 1. Shri Manish Singhal | Rs. 420000.00 |
| 2. Shri Vivek Singhal | Rs. 420000.00 |

INVESTORS' GRIEVANCE COMMITTEE

In compliance with clause 49 of the Listing Agreement, the Board constituted Investors' Grievance Committee as under:

The Investors' Grievance Committee is headed by an Independent Director, and consists of 3 other members.

- Shri Amar Chand Gupta, Chairman,
- Shri G.S.Kandoi, (Member)
- Shri Nitin Jaipuria, Director (Member).

- Function :
- to review the redressal of shareholder and Investor Complaints.
 - share transfer/ transmission.

No Complaint received from investors during the year and as on date no investor grievance is pending for disposal. Shri Manish Singhal is the compliance officer of the company.

FINANCE COMMITTEE

Considering the volume of the Company's transactions with banks according to requirement of workings of the Company the Finance Committee comprising the following Directors w.e.f. 30.10.2008 was constituted: -

- Shri G.S. Kandoi, Chairman,
- Shri Vivek Singhal, Director (Member) Resigned 30.4.2009
- Shri Manish Singhal, Director (Member) and
- Shri A.S.Patani, Director (Member) Resigned 30.6.2009
- Shri Amar Chand Gupta (Member)

Terms of Reference of the said Committee are as follows:

- Borrow moneys and exercise all powers to borrow moneys (otherwise than by issue of debentures) not exceeding Rs.100 crores in aggregate at any time and taking all necessary actions connected therewith within the limit prescribed under law.

2. Provide guarantee including performance guarantee, issue letter of comfort and providing securities and taking all necessary actions connected therewith (subject to compliances u/s 372 A of Companies Act, 1956).
3. Review of banking arrangement and taking all necessary actions connected therewith including refinancing for optimization of borrowing costs (subject to overall limit of borrowing).
4. Review of the Company's financial policies, strategies and capital structure.
5. Review of Term loan/working capital and cash flow management.
6. Consider viability for issuance of new modes of securities including foreign funds subject to laws applicable.

Advise on financial matters/policies in overall interest of Company.

GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day & Date	Time	Venue	Details of Special Resolution Passed
26 th	Saturday, September 30, 2006	11.00 a.m.	C-171, Road No. 9J, VKI Area, Jaipur-302013.	NIL
27 th	Wednesday, August 29, 2007	11.00 a.m.	C-171, Road No. 9J, VKI Area, Jaipur-302013.	NIL
28 th	Wednesday, August 27, 2008	11.00 a.m.	C-171, Road No. 9J, VKI Area, Jaipur-302013.	NIL

No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

CODE OF CONDUCT

All Directors and Senior Management Personnel of the Company have affirmed compliance with the provisions of the code of conduct for the financial year ended on March 31, 2009.

CEO / CFO Certificate

Certificate from CEO / CFO for the financial year ended on March 31, 2009 has been provided elsewhere in the Annual Report.

DISCLOSURES

There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their relatives etc. that may have potential conflict with the interest of the Company and public at large.

The Stock exchanges or The Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to capital markets have not imposed any strictures/penalties on the Company during the last three years.

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with clause 7 of Annexure 1D to clause 49 of the Listing Agreement with the stock exchange, for employees to report concerns about unethical behavior. No personnel have been denied access to the audit Committee.

MEANS OF COMMUNICATION

The annual, half-yearly and quarterly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in newspapers accordingly i.e. The Hindustan Times & Khabron Ki Dunia. The company will also take necessary steps to display various disclosures / information on its website in due course. The company is also in the process of ensuring compliance of EDIFAR filing of its financial results.

The Management Discussions and Analysis Report forms part of this Annual Report and is captioned "Management Discussion and Analysis" in Directors' Report.

GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Time : 11.00 A.M.
Date : 23rd September 2009
Venue : C-171, Road No. 9J, VKI Area, Jaipur.
Financial Calendar : 1st April to 31st March

Financial Calendar (Tentative)

- Un-audited Financial Results for Qtr. Ended 30th June 2009 : Last week of July 2009
 - Un-audited Financial Results for Qtr. Ended 30th September 2009 : Last week of October 2009
 - Un-audited Financial Results for Qtr. Ended 31st December 2009 : Last week of January 2010
 - Audited Financial Results for Qtr./Year Ended 31st March 2009 : Last week of June 2010

Book Closure : 17th September, 2009 to 23rd September, 2009 (both days inclusive).

Dividend : No Dividend being recommended by the Board during the year.

Listing : The Company's Shares are listed/traded at The Stock Exchange, Mumbai (Stock Code No. is 31609).

Demat : The connectivity of Company's Shares are with National Securities Depository Ltd. & Central Depository Services (India) Ltd. (ISIN No. is INE902G01016).

Market Price Data: No transaction took place during the year under report. Hence, there is no market price data available.

Company's Share Price at the BSE versus the Sensex: Not Applicable, since no trading took place for the period under report.

Registrar & Share Transfer Agent:

M/s Niche Technologies Pvt. Ltd., D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata- 700 001.

Share Transfer System

As per the requirement of the SEBI circular no. D&CC/FITTC/CIR-15/2002 dated 27.12.2002 and further circular no. D&CC/FITTC/CIR-18/2003 dated 12.02.2003 has mandated appointment of common agency for carrying out physical and electronic share registry work. In terms of the said regulation the Company has appointed M/s. Niche Technologies Pvt. Ltd. as the Registrars and Transfer Agents (RTA). As on date all the work related to the shares are handled by RTA both in physical as well as electronic form. All correspondences are to be directed to the RTA at their address mentioned above. The correspondences may also be sent at the Company's address, which will be sent by the Company to the RTA.

Share transfer is normally effected within the maximum period of 30 days from the date of receipt, if all required documentation is submitted.

Dematerialisation of Shares

To facilitate trading in demat form, the Company has received certificate of connectivity of shares from National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Dematerialisation of Share: 43.11 % of the Company's paid up equity share capital has been dematerialized as on 31st March 2009..

Distribution of Shareholding as on 31.03.2009

No. of Share Holders	Shareholders %	Number of Shares	No. of Shares Held	Shareholding Percentage
112	17.69	1 - 500	50050	0.96
401	63.35	501 - 1000	365700	7.00
93	14.69	1001 - 5000	190800	3.66
7	1.11	5001 - 10000	47500	0.91
2	0.32	10001 - 50000	51800	0.99
3	0.47	50001 -100000	253200	4.85
15	2.37	100001 & above	4261950	81.63
633	100.00		5221000	100.00

Categorywise Distribution of shareholding by ownership as on 31.03.2009

Category	Number of Shares	Shareholding Percentage
Promoters	3106350	59.497
Persons acting in concert	174600	3.344
Corporate Bodies	795400	15.235
Indian Public	1144650	21.924
TOTAL	5221000	100

Plant Location

- (i) C-171, Road No. 9J,
V.K.I. Area, Jaipur-302013.
(ii) SP 4-3, Industrial Area,
Vill & Post : Keswana
Tehsil : Kotputli, Distt : Jaipur

Address for Correspondence

F-394 (G), Road No. 9F2,
V.K.I. Area, Jaipur-302013.

For & On behalf of the Board

Place : JAIPUR
Date : 30th JULY 2009

Sd/-
(G.S. KANDOI)
CHAIRMAN

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the company has adopted a code of conduct for its board members and senior management of the company.

I confirm that the company has in respect of the financial year ended March 31, 2009, received from the members of the Board and senior management team of the company a declaration of compliance with the Code of Conduct as applicable to them.

Place : JAIPUR
Date : 30th JULY 2009

Sd/-
(G.S. KANDOI)
CHAIRMAN

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

As required under Clause 49 of the listing agreement with the stock exchange, the undersigned hereby confirm the followings:

- We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief;
 - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;

3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify the identified deficiencies;
4. We have informed the auditors and the audit committee of:
 - i. Significant changes in internal control during the year, if any,
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any, and
 - iii. There have been no instances of significant fraud of which we have become aware.

Sd/-
Manish Singhal
CEO

Sd/-
G. S. Kandoi
CFO

Place: JAIPUR
Date : 30th JULY, 2009

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:

To,
The Members,

KG Petrochem Ltd.

We have examined the compliance of conditions of corporate governance by KG Petrochem Ltd. for the year ended on 31st March 2009 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management; our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above- mentioned listing agreement.

We state that no investor grievances is pending for a period exceeding one month against the company as per records maintained by the Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For A. R. Vijay & Co.
Chartered Accountants

Place : JAIPUR.
Date : 30TH JULY 2009

Sd/-
(A. R. VIJAY)
Partner

A.R.Vijay & Co.

Chartered Accountants

202, Navjeevan Chambers,
Vinoba Marg, M.I.Road, Jaipur
Phone : 2369494, 2379494

AUDITOR'S REPORT TO THE MEMBERS OF KG PETROCHEM LTD.

We have audited the attached Balance sheet of KG PETROCHEM LIMITED, C-171, ROAD NO.9J, V.K.I.AREA, JAIPUR-302013 as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of cash flow statement, of the case flows for the year ended on that date.

For A. R. Vijay & Co.
Chartered Accountants

Place : JAIPUR.
Date : 13th JULY 2009

(A. R. VIJAY)
Partner
(M. No. 16581)

A.R.Vijay & Co.

Chartered Accountants

202, Navjeevan Chambers,
Vinoba Marg, M.I.Road, Jaipur
Phone : 2369494, 2379494

ANNEXURE

STATEMENT REFERRED TO IN PARAGRAPH ABOVE OF OUR REPORT OF EVEN DATE

Ref: **KG PETROCHEM LIMITED**, C-171, ROAD NO.9J, V.K.I.AREA, JAIPUR- 302013 for the year ended on 31st March 2009.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.

During the year substantial part of fixed assets of wovan sacks division amounting to Rs. 236.58 lakh (WDV Rs. 11.83 lakh) have been disposed off.

2. As explained to us, the management at reasonable intervals during the year has physically verified the inventories. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.

The company has maintained proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of stock, as compared to book records.

3. (i) In respect of loans, secured or unsecured granted or taken by the company to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(a) The company has granted loan to one party of Rs. 36 lacs and the outstanding balance as on 31.03.2009 is NIL. Company has taken loans from 11 parties aggregating to Rs. 432.34 lacs during the year. The amount outstanding as on 31.03.2009 is Rs. 308.58 lacs.

(b) In our opinion and according to information and explanation given to us, the rate of interest wherever applicable and other terms & conditions are not prima facie prejudicial to the interest of the company.

(ii) The payment of the principal amount and interest are not overdue as well as outstanding at the end of the year.

4. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.

5. As explained to us that the transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act 1956 have been so entered.

6. In our opinion, and according to the information and explanation given to us, the Company has not accepted deposits under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

7. The company has adequate internal audit system commensurate with the size and nature of its business.
8. As informed, cost records as prescribed under section 209(1)(d) of the companies Act, 1956 are maintained by the company under Cost Accounting Records (Textile) Rules.
9. According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Fringe Benefit Tax, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess which are outstanding as at 31.03.2009 for a period of more than six months from the date they became payable.
10. The company has been registered on 29.02.1980 and having substantial profit. Hence the requirements of clause (x) of paragraph 4 of the Order is not applicable to the company.
11. According to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a Chit fund, Nidhi or mutual benefit Society. Hence the requirements of item (xiii) of paragraph 4 of the order is not applicable to the company.
14. The company has kept adequate records of its transactions and contracts in shares, securities and other investments and timely entries have been made therein, if any. The shares, securities and other investments, are now Nil in the name of the company.
15. According to the information and explanations given to us, the company has not given any corporate guarantee for loans taken by other(s) from bank, Hence the requirements of item (xv) of paragraph 4 of the order is not applicable to the company.
16. The company has taken term loan from Banks and applied for the purpose for which it has been taken.
17. According to the information and explanations given to us, no funds raised on Short-term basis have been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment.
18. According to the information and explanations given to us, the company has made no preferential allotment of shares to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the order are not applicable to the company.
20. As explained to us, the management has not raised any money from public issues during the year, hence this para is not applicable.

According to the information and explanation given to us, a fraud on or by the company has not been noticed or reported during the year.

For A. R. Vijay & Co.
Chartered Accountants

Place: JAIPUR.
Date: 13th JULY 2009

(A. R. VIJAY)
Partner
(M. No. 16581)

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE No.	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
I SOURCES OF FUNDS:			
A. SHAREHOLDERS' FUNDS:			
a) Capital	1	58,152,500.00	58,152,500.00
b) Reserves & Surplus	2	100,200,942.32	80,820,939.52
TOTAL		<u>158,353,442.32</u>	<u>138,973,439.52</u>
B. LOAN FUNDS:			
Secured Loans	3	219,250,573.99	262,345,818.61
Unsecured Loans	4	30,857,870.00	32,430,597.00
TOTAL		<u>250,108,443.99</u>	<u>294,776,415.61</u>
C. DEFERRED TAX LIABILITY	5	<u>22,036,823.00</u>	<u>766,602.00</u>
TOTAL		<u>22,036,823.00</u>	<u>766,602.00</u>
GRAND TOTAL		<u>430,498,709.31</u>	<u>434,516,457.13</u>
II APPLICATION OF FUNDS:			
D. FIXED ASSETS :			
a) Gross Block	6	368,511,596.03	393,683,103.57
b) Less: Depreciation		136,759,338.90	117,906,071.12
NET BLOCK		<u>231,752,257.13</u>	<u>275,777,032.45</u>
c) Capital Work in Progress		10,653,715.00	-
		<u>242,405,972.13</u>	<u>275,777,032.45</u>
E. INVESTMENTS:		-	-
F. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	7	66,595,266.66	57,931,259.65
b) Sundry Debtors	8	121,998,811.20	104,060,208.43
c) Cash & Bank Balances	9	1,932,864.42	2,203,546.89
d) Loans & Advances	10	36,156,908.70	29,504,823.69
TOTAL		<u>226,683,850.98</u>	<u>193,699,838.66</u>
Less: Current Liabilities & Provisions	11	38,662,950.80	35,104,089.98
Net Current Assets		<u>188,020,900.18</u>	<u>158,595,748.68</u>
G. MISC. EXPENDITURE			
(To the extent not written off or adjusted)			
Deferred Revenue Exp.		71,837.00	143,676.00
GRAND TOTAL		<u>430,498,709.31</u>	<u>434,516,457.13</u>

 Significant Accounting Policies & Notes on Accounts **24**

 As per our report of even date annexed
for **A.R.VIJAY & CO.**
Chartered Accountants

 For & on behalf of the Board
FOR KG PETROCHEM LTD.
(A. R. Vijay)
Partner
M. No. 16581

(G. S. KANDOI)
Chairman

(Manish Singhal)
Managing Director

 Place : JAIPUR
Date : 13.07.2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009

PARTICULARS	SCHEDULE No.	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
INCOME :			
Income from Operation	12		
(A) Manufacturing Division			
(i) Woven Sacks Division		102,658,196.00	123,832,920.30
Less: Excise Duty		11,692,533.00	16,397,509.00
		90,965,663.00	107,435,411.30
(ii) Textile Division		451,778,863.00	377,420,916.00
(B) Agency Division		3,508,556.00	1,762,868.00
(C) Health Care Division		4,397,200.88	5,644,777.25
Other Income	13		
(A) Manufacturing Division		6,871,170.50	1,154,887.06
(B) Agency Division		5,276,625.32	2,915,290.00
(C) Health Care Division		3,046.00	-
Increase/(decrease) in stock:	14	7,140,278.75	6,359,979.76
TOTAL		569,941,403.45	502,694,129.37
EXPENDITURE :			
A. Manufacturing Division :			
Raw Material Consumed	15	276,270,279.15	264,848,555.17
Manufacturing Expenses	16	155,910,542.87	132,990,877.50
Administrative Expenses	17	6,443,058.17	6,976,631.08
Personnel Expenses	18	3,816,582.95	3,065,053.50
Selling & Distribution Exp.	19	12,853,732.10	8,266,946.71
B. Agency Division Expenditures	20	1,926,318.17	1,429,236.38
C. Health Care Division :			
Purchase Pharmacy		(107,610.50)	526,436.46
Clinic Operating Expenditure	21	1,647,695.50	1,821,319.54
Admn., Personnel & Selling Exp.	22	2,776,601.10	2,677,161.48
TOTAL		461,537,199.51	422,602,217.82
Profit Before Depreciation, Interest & Tax		108,404,203.94	80,091,911.55
Financial Expenses	23	20,751,119.50	22,221,743.35
Profit Before Depreciation and Tax		87,653,084.44	57,870,168.20
Depreciation		41,537,700.64	31,323,584.00
Profit Before Tax		46,115,383.80	26,546,584.20
Provision for Fringe Benefit Tax		147,556.00	110,182.00
Provision for Income Tax		5,317,604.00	3,544,578.00
Provision for Deferred Tax Liability		21,270,221.00	(382,361.00)
Profit After Tax		19,380,002.80	23,274,185.20
Add: Prior Period Adjustment (Depreciation)		-	3,952,337.93
Add : Balance Brought Forward		-	-
From Last Balance sheet		70,496,603.52	43,270,080.39
Balance Carried Forward to Balance Sheet		89,876,606.32	70,496,603.52
 EPS - Basic & Diluted (Rs.)		3.71	4.46
No. of Shares used in computing EPS		5,221,000	5,221,000

As per our report of even date annexed
for **A.R.VIJAY & CO.**
Chartered Accountants

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

(A. R. Vijay)
Partner
M. No. 16581

(G. S. KANDOI)
Chairman

(Manish Singhal)
Managing Director

Place : JAIPUR
Date : 13.07.2009

SCHEDULE 1 TO 24 ARE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND P&L A/C

	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
SCHEDULE-1: SHARE CAPITAL		
Authorised :		
7000000 Equity Shares of Rs.10/- each.	70000000.00	70000000.00
ISSUED & SUBSCRIBED :		
6335200 Equity shares of Rs.10/- each.	63352000.00	63352000.00
PAID UP :		
52,21,000 Equity Shares of Rs.10/-each fully paid up.	52210000.00	52210000.00
Forefeited Equity Shares (11,14,200 Equity Shares)	5942500.00	5942500.00
TOTAL	58152500.00	58152500.00
SCHEDULE-2 RESERVE & SURPLUS		
General Reserve	3500000.00	3500000.00
Investment Allowance Utilized Reserve	146600.00	146600.00
Capital Subsidy	6677736.00	6677736.00
Profit & Loss A/c	89876606.32	70496603.52
TOTAL	100200942.32	80820939.52
SCHEDULE-3: SECURED LOANS		
A. Term Loan: From Scheduled Bank		
i. Bank Of Baroda	156500000.00	189700000.00
ii. ICICI HFC Ltd. (Against Mortgage of Property)	0.00	852131.00
SUB-TOTAL	156500000.00	190552131.00
B. Working Capital Loan:		
I. From Scheduled Bank- Bank of Baroda		
(a) Under Cash Credit A/c (Hyp. of Stock & Book Debts)	16970757.59	35852283.30
(b) Under PC/PSDL/FBP A/c	39883546.00	24952156.00
(c) ICICI Bank Ltd. (Ag.Div.) Normal Overdraft Facility (Under Channel Financing)	-3011153.60	10989248.31
III) IDBI Bank	8907424.00	0.00
SUB-TOTAL	62750573.99	71793687.61
TOTAL	219250573.99	262345818.61

- NOTE: i) The above term loan is secured by way of equitable mortgage in favour of Bank of Baroda against all existing and future assets of the company's Textile Division named as BHAVIK TERRYFAB except hypothecation of movable assets subject to prior charge in favour of company's Banker on stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts for working capital. The term loan is further secured by personal guarantee of Sh. G. S. Kandoi, Sh. Manish Singhal and Sh. Vivek Singhal Directors of the company and corporate guarantee by Chrome International Co. Ltd.
- ii) The working capital loan is secured by way of hypothecation of stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts and First charge on Fixed assets of the company. The loan is secured by personal guarantee of Sh. G. S. Kandoi, Sh. Manish Singhal and Sh. Vivek Singhal Directors of the company.
- iii) The loan from ICICI Home Finance Co. Ltd. is secured by equitable mortgage of Residential House situated at D-122, Amba Bari, Jaipur belonging to Smt. Savitri Kandoi wife of Shri G. S. Kandoi.
- iv) The Channel financing facility is provided by ICICI Bank Ltd. and secured by GAIL India Ltd. for their consignment stockist. This facility is Net based revolving line of credit in the nature of overdraft for payments to GAIL. The facility is further secured by personal guarantee of Sh. G. S. Kandoi, Sh. Manish Singhal and Sh. Vivek Singhal Directors of the company.

	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
SCHEDULE-4: UNSECURED LOANS		
From Directors	22363110.00	23148194.00
From Directors' Relatives	8494760.00	9282403.00
TOTAL	30857870.00	32430597.00
SCHEDULE-5 DEFERRED TAX LIABILITY		
Provision for Deferred Tax	766602.00	1148963.00
Add: Charged/(Reversed) for the year	21270221.00	382361.00
TOTAL	22036823.00	766602.00
SCHEDULE-7: INVENTORIES		
(As certified by the management)		
(A) WOVEN SACKS DIV.:		
Raw Material	1403650.60	3449998.00
Consumable Stores	231548.67	844122.82
Stores & Spares	336349.80	392451.33
Fuel	0.00	11461.00
Finished Goods :		
Bags	37341.72	42247.52
Work In Process : Tape / Fabric	1860119.98	2500257.98
Scrap	189900.00	128160.00
SUB-TOTAL	4058910.77	7368698.65
(B) TEXTILE DIV.:		
Yarn	7408644.38	6585371.34
Auxillary	499136.51	516919.54
Dyes & Chemicals	5662904.35	3470707.63
Fuel	1269143.57	383025.19
Fuel (HSD)	256424.04	538880.20
Consumable Stores	1428588.77	1628493.97
Stores & Spares	3706558.76	2880877.07
Packing Material	1137294.35	1101011.45
Finished Goods :		
Towel	15700232.99	8182565.10
Stock Lying At Dharuhera	260255.56	64320.29
W I P : Grey / Dyed Fabric/ Preparatory	25159940.25	24711847.49
Scrap	9027.63	126665.00
SUB-TOTAL	62498151.16	50190684.27
(C) HEALTH CARE DIV.:		
Pharmacy (H.C.Div.)	0.00	320476.00
Consumables (H.C.Div.)	38204.73	51400.73
SUB-TOTAL	38204.73	371876.73
TOTAL	66595266.66	57931259.65
SCHEDULE-8: RECEIVABLES		
(Unsecured but Considered Good)		
1. Exceeding Six Months	393178.20	717973.52
2. Others	121605633.00	103342234.91
TOTAL	121998811.20	104060208.43
SCHEDULE-9: CASH & BANK BALANCES		
Cash on Hand	138040.25	173514.87
Balance with Schedule Banks		
- In Current Account	533862.17	851327.02
- In Fixed Deposit Account	1260962.00	1178705.00
(Pledged with Bank of Baroda as Margin agst.B/G)		
TOTAL	1932864.42	2203546.89

SCHEDULE-6 FIXED ASSETS
KG PETROCHEM LIMITED

[-----GROSS BLOCK-----]					[-----DEPRECIATION-----]				[-----NET BLOCK-----]		
S.No. Description	Opening balance As on 01.04.2008	Purchases Additions during the year	Sales/ Adjust ments during the year	Total Cost As At 31.03.2009	Up to 31.03.2008	for the period	Written back	Reversed	Up to 31.03.2009	As At 31.03.2009	As At 31.03.2008
1. Land	6686552.96	0.00	0.00	6686552.96	0.00	0.00	0.00	0.00	0.00	6686552.96	6686552.96
2 Factory Building	41090308.66	0.00	0.00	41090308.66	5550010.29	1372416.00	0.00	0.00	6922426.29	34167882.37	35540298.37
3 Plant & Machinery	304542447.30	83640.00	25170319.54	279455767.76	100661085.41	37773543.24	23001223.78	0.00	115433404.87	164022362.89	203881361.89
4 Weighing Scale	87814.10	0.00	0.00	87814.10	45422.12	4171.00	0.00	0.00	49593.12	38220.98	42391.98
5 Misc.Fixed Assets	5483200.95	425548.00	0.00	5908748.95	764623.42	277867.00	0.00	0.00	1042490.42	4866258.53	4718577.53
6 Lab Equipment	892524.36	10000.00	0.00	902524.36	143233.43	42559.00	0.00	0.00	185792.43	716731.93	749290.93
7 Elect. & Water Fitting	10419521.56	0.00	0.00	10419521.56	2457697.42	494928.00	0.00	0.00	2952625.42	7466896.14	7961824.14
8 DG Set	1269820.66	0.00	0.00	1269820.66	136616.00	60316.00	0.00	0.00	196932.00	1072888.66	1133204.66
9 Weighbridge	608543.35	0.00	0.00	608543.35	66207.00	28906.00	0.00	0.00	95113.00	513430.35	542336.35
10 Furniture & Fixtures	2792525.57	141610.00	0.00	2934135.57	501098.04	179840.00	0.00	0.00	680938.04	2253197.53	2291427.53
11 Vehicles	2833168.10	0.00	637720.00	2195448.10	771588.39	245261.00	183180.00	0.00	833669.39	1361778.71	2061579.71
12 Office Equipment	922771.64	22510.00	0.00	945281.64	204764.59	44136.00	0.00	0.00	248900.59	696381.05	718007.05
13 Computer	1607997.14	146599.00	0.00	1754596.14	645297.68	227825.32	0.00	0.00	873123.00	881473.14	962699.46
14 Medical Equipments	8259369.55	0.00	193375.00	8065994.55	2572623.42	583937.00	73978.00	0.00	3082582.42	4983412.13	5686746.13
15 Franchise Lincense Fee	1500000.00	0.00	0.00	1500000.00	945248.36	214350.00	0.00	0.00	1159598.36	340401.64	554751.64
16 A. C. Equipments	229071.70	0.00	0.00	229071.70	47983.30	10881.00	0.00	0.00	58864.30	170207.40	181088.40
17 IT Equipments	1294781.64	0.00	0.00	1294781.64	925554.18	209884.00	0.00	0.00	1135438.18	159343.46	369227.46
18 Interior	2266323.03	0.00	0.00	2266323.03	1428160.07	323858.00	0.00	0.00	1752018.07	514304.96	838162.96
19 Office Building	820700.00	0.00	0.00	820700.00	30639.00	13377.00	0.00	0.00	44016.00	776684.00	790061.00
20 Canteen Appliances	75661.30	0.00	0.00	75661.30	8219.00	3594.00	0.00	0.00	11813.00	63848.30	67442.30
TOTAL	393683103.57	829907.00	26001414.54	368511596.03	117906071.12	42111649.56	23258381.78	0.00	136759338.90	231752257.13	275777032.45
Capital Work in Progress	0.00	10653715.00	0.00	10653715.00	0.00	0.00	0.00	0.00	0.00	10653715.00	0.00
GRAND TOTAL	393683103.57	11483622.00	26001414.54	379165311.03	117906071.12	42111649.56	23258381.78	0.00	136759338.90	242405972.13	275777032.45
Previous Year (Rs.)	390846049.57	2837054.00	0.00	393683103.57	90534825.05	31323584.00	0.00	3952337.93	117906071.12	275777032.45	300311224.52



As on 31.03.2009
(Rs. P.)

As on 31.03.2008
(Rs. P.)

SCHEDULE-10: LOANS & ADVANCES

(Unsecured but Considered Good)

1. Advances recoverable in cash or in Kind or for value to be received :		
A. Capital Goods	5658739.00	24000.00
B. Goods	375896.00	815822.00
C. Raw Material	642827.00	11403.00
D. Expenses	3191918.09	3160468.20
E. Others	10593349.00	13596754.00
2. Creditors having Dr. Balance		
3. Security Deposit	5218149.71	4116575.00
4. Prepaid Expenses	231113.00	305428.00
5. Excise & Service Tax Balance	483104.54	385271.80
6. Input Tax Credit	230417.00	233432.00
7. T.D.S./Advance Income Tax	6453137.36	2895364.69
8. Accrued Intt. on NSC	2868.00	2868.00
9. Accrued Duty Draw Back	3075390.00	3957437.00
TOTAL	36156908.70	29504823.69

SCHEDULE-11: CURRENT LIABILITIES & PROVISIONS

Sundry Creditors for Capital Goods	2885649.00	2458371.00
Sundry Creditors for Raw Material	10456847.40	14392045.40
Sundry Creditors for Goods	4921722.00	1869845.00
Sundry Creditors for Expenses	2655534.35	1926964.75
Sundry Creditors (Transporters)	781993.00	909681.00
Sundry Debtors Having Cr.Bal.	4452505.61	3602769.42
Statutory Liabilities	2239235.45	1144788.00
Outstanding Liabilities	4798033.99	5096634.41
Security Received from Staff	6270.00	0.00
Interest Accrued but not due	0.00	48231.00
Provision for Fringe Benefit Tax	147556.00	110182.00
Provision For Income Tax :		
Opening Balance	0.00	22161.00
Add: Addition During the Period	5317604.00	3544578.00
	5317604.00	3566739.00
Less Utilised During the Period	0.00	22161.00
Closing Balance	5317604.00	3544578.00
TOTAL	38662950.80	35104089.98

SCHEDULE-12: INCOME FROM OPERATIONS

A. WOVEN SACKS DIVISION:

1. Sales: Export	0.00	5955350.30
Doemstic	100426021.00	117156416.00
	100426021.00	123111766.30
Less: Excise Duty	11692533.00	16397509.00
	88733488.00	106714257.30
2. Processing Charges	2232175.00	721154.00
TOTAL	90965663.00	107435411.30

B. TEXTILE DIVISION:

1. Export Sales	208989959.00	103932583.00
2. Domestic Sales	221930313.00	256549790.00
	430920272.00	360482373.00
Less: Sales Return	644178.00	1029927.00
	430276094.00	359452446.00
Add: Duty Draw Back	18395936.00	9799911.00
	448672030.00	369252357.00
3. Processing Charges	3106833.00	8168559.00
TOTAL	451778863.00	377420916.00

	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
C. AGENCY DIVISION:		
Commission (TDS Rs. 439528/-)	3459766.00	1762868.00
Incentive from GAIL	48790.00	0.00
TOTAL	3508556.00	1762868.00
D. HEALTH CARE DIVISION:		
Corporate Sale	2231900.00	2033839.00
Pharmacy Sale	73325.09	676965.45
SUB-TOTAL	2305225.09	2710804.45
Consultancy Receipt	52700.00	81800.00
Diagnostic Receipt	2039275.79	2852172.80
SUB-TOTAL	2091975.79	2933972.80
TOTAL	4397200.88	5644777.25
SCHEDULE-13: OTHER INCOME		
A. WOVEN SACKS DIVISION:		
Foreign Exchange Difference	0.00	50833.70
Interest Recd./Receivable	234354.00	152250.00
Profit/ Loss on Sale of Plant & Machinery	1297092.32	0.00
Sundry Bal. Written Off	51116.27	3066.97
SUB-TOTAL	1582562.59	206150.67
B. TEXTILE DIVISION:		
Interest	469398.00	86577.00
Sundry Balance Written Off	23436.92	10101.76
Income from Forward Contract	1729726.03	852057.63
Foreign Exchange Rate Diff.	2876657.96	0.00
Profit on Sales of Fixed Assts	19809.00	0.00
Sampling Charges	169580.00	0.00
SUB-TOTAL	5288607.91	948736.39
C. AGENCY DIVISION:		
Interest Recd./Receivable	5276048.00	2915290.00
Sundry Balance W/off	577.32	0.00
SUB-TOTAL	5276625.32	2915290.00
D. HEALTH CARE DIVISION:		
Sundry Balance Written Off	3046.00	0.00
SUB-TOTAL	3046.00	0.00
TOTAL	12150841.82	4070177.06
SCHEDULE-14-: (INCREASE / DECREASE IN STOCK)		
A. WOVEN SACKS DIVISION:		
Opening Stock of Finished Goods / WIP (Incl.Saleable scrap of Rs.128160/-)	2670665.50	2362040.62
Less:Closing Stock of Finished Goods/ WIP (Incl.Saleable scrap of Rs. -/-)	2087361.70	2670665.50
Increase/(Decrease)in Stock	-583303.80	308624.88
B. TEXTILE DIVISION:		
Opening Stock of Finished Goods / WIP	33085397.88	27023536.00
Less:Closing Stock of Finished Goods / WIP	41129456.43	33085397.88
Increase/(Decrease)in Stock	8044058.55	6061861.88
C. HEALTH CARE DIVISION:		
Opening Stock of Pharmacy	320476.00	330983.00
Less:Closing Stock of Pharmacy	0.00	320476.00
Increase/(Decrease)in Stock	(320476.00)	-10507.00
TOTAL	7140278.75	6359979.76

KG PETROCHEM LIMITED



	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
SCHEDULE-15: RAW MATERIAL CONSUMED		
A. WOVEN SACKS DIVISION:		
Opening Stock	3449998.00	2249677.00
Add: Purchases	56848190.79	74390954.19
Freight	1012151.00	1098966.00
	<u>61310339.79</u>	<u>77739597.19</u>
Less: Closing Stock	1403650.60	3449998.00
SUB-TOTAL	<u>59906689.19</u>	<u>74289599.19</u>
B. TEXTILE DIVISION:		
Opening Stock	6585371.34	5406824.32
Add: Purchases - Yarn	199307038.00	188991337.00
Add:Purchase Gray/Dyed Fabric	17,879,825.00	2,746,166.00
	<u>223772234.34</u>	<u>197144327.32</u>
Less: Closing Stock	7408644.38	6585371.34
SUB-TOTAL	<u>216363589.96</u>	<u>190558955.98</u>
TOTAL	<u>276270279.15</u>	<u>264848555.17</u>

SCHEDULE-16: MANUFACTURING EXPENSES

A. WOVEN SACKS DIVISION:

Wages	4520755.69	4840351.61
E.P.F.Expenses	158218.00	168903.00
E.S.I. Contribution	95519.80	91725.55
Bonus & Other Benefits to Employees	164944.00	187047.00
Canteen Expenses	0.00	750.00
Medical Expenses	3827.00	724.00
Job Charges	216030.00	372000.00
Consumable Stores	3052795.15	2936289.23
Stores & Spares	951322.53	1499102.32
Power & Fuel	6165221.00	7552653.00
Water Charges	17837.00	15510.00
Freight & Cartage (Others)	17497.00	25418.00
Repairs & Maintenance of (Bldg)	9940.00	48659.00
Repairs & Maintenance of (P&M)	90747.00	804446.00
SUB-TOTAL	<u>15464654.17</u>	<u>18543578.71</u>

B. TEXTILE DIVISION:

Wages	24546776.00	21843730.00
EPF Expenses	488832.00	387973.00
Bonus	319500.00	266266.00
Boiler Operating Expenses	330000.00	0.00
Ex-Gratia	0.00	102845.00
Leave Encashment	136893.00	6347.00
Labour Welfare Expenses	20426.00	87162.00
Canteen Expenses	15596.00	26845.00
Medical Expenses	23616.00	9654.00
Stipend	2340145.00	2214782.00
Staff Bus Expenses	1219544.00	840847.00
Production Incentive	412439.00	404669.00
Job Charges	5402319.00	2273597.00
Dyes & Chemicals	41415233.31	35419671.28

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	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
Fuel (Husk, Petcoke, etc.)	18642126.62	12007164.34
Power & Fuel	25175477.16	22822415.64
Consumable Stores	5431118.20	4851246.13
Stores & Spares	3595964.31	2941129.19
Freight Others	1108651.00	692972.00
Packing Material	8303076.10	6323824.21
Repairs & Maintenance (P & M)	867397.00	705035.00
Repairs & Maintenance (Bldg.)	650759.00	164365.00
ETP Sludge Expenses	0.00	54759.00
SUB-TOTAL	<u>140445888.70</u>	<u>114447298.79</u>
TOTAL	<u><u>155910542.87</u></u>	<u><u>132990877.50</u></u>

SCHEDULE-17: ADMINISTRATIVE EXPENSES

A. WOVEN SACKS DIVISION:

Books & Periodicals	17525.00	754.00
Conveyance Expenses	10154.00	25422.00
Credit Rating Fee	200000.00	0.00
Directors' Foreign Travelling Expenses	79151.00	0.00
Directors' Travelling Expenses	54904.75	53652.00
Donation	0.00	600000.00
Insurance Expenses	35883.00	43663.00
Legal Fee & Charges	63365.00	71246.00
Licence Fee	18712.00	18290.00
Listing Fees	35000.00	35000.00
Membership Fees	54000.00	44000.00
Miscellaneous Expenses	1606.00	1521.00
Office Expenses	79619.00	69803.00
Postage & Telegrams	55442.00	43209.00
Printing & Stationery	75312.00	61735.00
Professional Expenses	280631.00	296452.50
Rent	78000.00	78000.00
Repairs & Maintenance (others)	40549.00	85688.00
ROC Filing Fees	7155.00	2483.00
Security Charges	0.00	29132.00
Service Charges (RIICO)	17903.00	15624.00
Share Transfer Agent's Fees	14081.00	12000.00
Telephone Expenses	190632.71	137335.93
Travelling Expenses	4871.00	9721.00
Vehicle & Running Maintenance Exp.	72356.30	105338.84
Water & Electricity Charges	30000.00	30000.00
ISO Audit Fees	5333.00	8000.00
Auditors Remuneration	30000.00	30000.00
TOTAL	<u><u>1552185.76</u></u>	<u><u>1908070.27</u></u>

B. TEXTILE DIVISION:

Books & Periodicals	16202.09	3633.00
Conveyance Expenses	14799.00	48243.00
Corporate Social Responsibility	0.00	9500.00
Director's Foreign Travelling Exp.	499853.58	303990.40
Director's Travelling Exp.	82990.58	83238.75
Fire Fighting Expenses	31325.00	38441.00

	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
Foreign Exchange Difference	0.00	1209575.75
Insurance Expenses	524331.00	407854.00
Legal Charges	8344.00	19022.00
Licence Fee	87613.00	57884.00
Membership fees	7100.00	10400.00
Miscellaneous Expenses	64253.00	71799.00
Office Expenses	323880.00	253739.00
Postage & Telegrams Expenses	181163.00	210371.00
Preliminary Expenses Written Off	71839.00	71839.00
Printing & Stationary	232456.00	234262.00
Professional Fees	36512.00	69600.00
Rent	254000.00	224000.00
Sales Tax	3996.00	0.00
Security Charges	488946.00	436565.00
Service Charges (RIICO)	117034.00	161425.00
Service Tax	124689.00	160804.12
Sales Tax (Reject)	204237.00	0.00
Telephone Expenses	309288.40	390819.62
Testing Fee	358002.00	24658.00
Travelling Expenses	454066.00	352046.00
Vehicle Running & Maintenance (Car)	333297.76	150274.17
Vehicle Running & Maintenance (M/C)	12190.00	10563.00
Water & Electricity Charges	48465.00	54014.00
SUB-TOTAL	4890872.41	5068560.81
TOTAL	6443058.17	6976631.08

SCHEDULE-18: PERSONNEL EXPENSES

A. WOVEN SACKS DIVISION:

Directors' Remuneration	840000.00	840000.00
Salaries	429113.00	444838.70
SUB-TOTAL	1269113.00	1284838.70

B. TEXTILE DIVISION:

Salaries	2547469.95	1775714.80
Recruitment Charges	0.00	4500.00
SUB-TOTAL	2547469.95	1780214.80
TOTAL	3816582.95	3065053.50

SCHEDULE-19: SELLING & DISTRIBUTION EXPENSES

A. WOVEN SACKS DIVISION:

Advertisement & Publicity	73060.00	50286.00
Business Promotion	7644.00	11737.76
Collection Charge	6000.00	
Clearing & Forwarding Charges	0.00	204889.00
Commission On sale	870960.00	1047879.00
Rebate & Deductions	139497.00	25178.00
Freight (Outward)	521971.00	493905.00
Inspection Fees/Charges	2250.00	7608.00
Sales Tax Expenses	0.00	9808.00
SUB-TOTAL	1621382.00	1851290.76

	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
B. TEXTILE DIVISION:		
Advertisement & Publicity	0.00	9196.00
Bad - Debts	827401.00	0.00
Business Promotion	398915.65	58513.38
Clearing & Forwarding Charges	7782049.00	4151999.88
Commission On Sales	461866.00	380694.00
Freight Outward	0.00	184622.11
Inspection Charges	22371.00	1000.00
Marketing Expenses	67791.25	531729.78
MOT Fees	40770.00	25605.00
Production Development Exp	685179.00	0.00
Sample Charges	20481.20	15661.00
Rebate & Discount	925526.00	1056634.80
SUB-TOTAL	<u>11232350.10</u>	<u>6415655.95</u>
TOTAL	<u><u>12853732.10</u></u>	<u><u>8266946.71</u></u>

SCHEDULE-20: AGENCY DIVISION EXPENDITURES:

Bank Charges	57025.17	195773.00
Bad Debts	645148.00	0.00
Conveyance Expenses	165.00	111.00
Directors Travelling Expenses	0.00	11177.00
Interest to Bank	914719.00	923308.38
Interest to Others	0.00	20728.00
Legal Expenses	959.00	1579.00
Postage & Telegram Expenses	0.00	370.00
Printing & Stationery	6056.00	9644.00
Rent	78000.00	78000.00
Salaries	175000.00	163000.00
Sales Tax Expenses	1386.00	0.00
Telephone Expenses	35327.00	10861.00
Travelling Expenses	533.00	2685.00
Water & Electricity Charges	12000.00	12000.00
TOTAL	<u><u>1926318.17</u></u>	<u><u>1429236.38</u></u>

HEALTH CARE DIVISION EXPENDITURES:

SCHEDULE-21: OPERATING EXPENDITURE

Consultancy & Diagnostic Expenses	1248502.50	1426141.54
House Keeping Charges	70947.00	74040.00
Electricity Expenses	168502.00	206864.00
Repair & Maintenance (Medical Equip.)	159744.00	114274.00
TOTAL	<u><u>1647695.50</u></u>	<u><u>1821319.54</u></u>

SCHEDULE-22: (I) ADMINISTRATIVE EXPENDITURES:

Conveyance Expenses	24208.00	36732.00
Legal Expenses	0.00	600.00
Licence Fee	0.00	7000.00
Miscellaneous Expenses	22625.00	25108.00
Office Expenses	0.00	1019.00
Postage & Telegram Exp.	9204.00	13071.00
Printing & Stationery	33773.00	75953.00

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	As on 31.03.2009 (Rs. P.)	As on 31.03.2008 (Rs. P.)
Professional Expenses	6300.00	4800.00
Rent	1316200.00	1257200.00
Sales Tax Expenses	2000.00	0.00
Urban Development Tax	25023.00	0.00
Telephone Expenses	81910.97	87152.00
Travelling Expenses	3905.00	0.00
SUB-TOTAL	1525148.97	1508635.00
(II) PERSONNEL EXPENSES :		
Salary	1143050.35	1048625.55
EPF Expenses	31470.00	29647.00
ESI Expenses	29081.00	27593.00
Bonus	27724.00	28581.00
SUB-TOTAL	1231325.35	1134446.55
(III) SALES PROMOTION :		
Advertisement & Publicity	18854.00	31678.00
Collection Charges	1272.78	2401.93
SUB-TOTAL	20126.78	34079.93
TOTAL	2776601.10	2677161.48

SCHEDULE-23: FINANCIAL EXPENSES

A. WOVEN SACKS DIVISION:

Interest to Banks	386881.00	1184055.00
Interest to Others	4065093.00	2776935.00
Bank Commission & Charges	394198.36	153838.00
SUB-TOTAL	4846172.36	4114828.00

B. TEXTILE DIVISION:

Interest on Term Loan	11264785.08	14387120.00
Interest to Bank	3956643.00	3026105.00
Interest to Others	9.00	154.00
Bank Commission & Charges	683321.06	693393.24
SUB-TOTAL	15904758.14	18106772.24

C. HEALTH CARE DIVISION:

Bank Charges	189.00	143.11
SUB-TOTAL	189.00	143.11
TOTAL	20751119.50	22221743.35

SCHEDULE-24: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies:

- (a) **Basis of preparation of financial Statements:** The financial statements have been prepared under HISTORICAL cost convention and are in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. The accounts have been prepared on a going concern basis.
- (b) **Fixed Assets & Depreciation:** Fixed Assets are stated at cost of acquisition or construction less depreciation. All cost, including financial costs till commencement of commercial production attributable to the fixed assets are capitalized. Depreciation on fixed assets (other than lease hold land, which is not amortised) is provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deduction during the year has been provided on Pro-rata basis.
- (c) **Use of Estimates :** The preparation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which result are known/ materialized.
- (d) **Deferred Revenue Expenses:** Preliminary Expenses are amortized over a period of 5 years.
- (e) **Foreign Currency Transaction:** Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing at the time of the transaction. Assets and Liabilities relating to the foreign currency transaction remaining un-settled at the end of the year are translated at year-end exchange rates. Gains & Losses on foreign transaction are recognized in the Profit & Loss Account.
- (f) **Inventories:** valued at cost or net realizable value, whichever is lower.
 - Woven Sacks Division (FIFO Basis)**
 - (i) Raw Materials valued at cost.
 - (ii) Finished goods (including work in progress) valued at cost.
 - (iii) Scrap valued at net realisable value.
 - (iv) Stores & Spares, Fuel & Consumables are valued at cost as certified by the management.
 - Health Care Division -**
 - (i) Pharmacy/ Medicines are taken on physical basis and valued at cost as certified by Management
 - (ii) Consumables are taken on physical basis and value at cost as certified by the Management.
 - Textile Division**
 - (i) Raw Materials valued at cost.
 - (ii) Finished goods (including work in progress) valued at cost.
 - (iii) Scrap valued at net realisable value.
 - (iv) Stores & Spares, Fuel & Consumables are valued at cost as certified by the management.
- (g) **Recognition of Income & Expenditure:**
 - (i) All items of Income & Expenditure are recognised on accrual basis.
 - (ii) Export sale has been recognized at the time of removal of goods from factory gate at invoice value (whether FOB or CIF) on the basis of exchange rates declared by the Customs department for that particular month.
- (h) **Discount & Deduction:** Discount & Deduction claimed by the parties are accounted for in the year in which it has been settled/ accepted by the management.
- (i) **Employee retirement benefits:**
 - (i) **Defined contribution plan:** Company's contribution paid / payable during the year towards provident fund scheme and employee state insurance scheme are recognised in the profit & loss account.
- (j) **Taxation :** Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets in respect of carry forward of unabsorbed depreciation and the losses are recognised to the extent there is virtual certainty of their realization against future profit.
- (k) **Interest under TUF Scheme :** The term loan of the Company has been sanctioned under the TUF Scheme of the Govt of India. Under this Scheme, interest subsidy @ 5% per annum is given by the Govt. On the interest paid by the Company on its term loan which is refunded quarterly after TUF claim is lodged. This refund is accounted for on mercantile basis and is treated as Revenue Receipt.
- (l) **Events occurring after Balance Sheet date :** Significant events occurring after the Balance Sheet date have been considered in the preparation of Financial Statements.

2. Notes on Accounts:

- (a) **Contingent Liability:** Contingent liabilities not provided in respect of:
 - (i) Outstanding Bank Guarantee of Rs. 105.84 lacs (Previous year Rs. 108.21 lacs).

- (ii) Income Tax demand amounting to Rs. 27,73,346/- for A.Y. 1999-2000 to 02-03 & 04-05 s paid under protest.
- (iii) In the Financial year 2007-08 Excise Duty amounting to Rs. 1,00,000/- and Service Tax amounting to Rs. 78,015/- are paid under protest.

- (b) In this financial year management of the company has increased the rate of depreciation on plant & machinery of its textile division from 10.34% of historical cost to 18.73% of residual value considering the rapid changes in technology. Had the same rate been followed as in previous year profit for the year and its corresponding effect on the year end net asset would have been higher by Rs. 1,08,52,437.68.

Further during the financial year sundry creditors for capital goods has been written off by Rs. 1509883.00 crediting the concerning fixed assets and depreciation on it upto 31.03.2009 of Rs. 573948.92 has been adjusted in the current year.

In the woven Sacks Division of the Company, major part of plant & machinery, the historical cost and WDV of which was Rs.236.58 lacs and Rs. 11.83 lacs respectively sold out.

- c) During the year export sale of Rs.27.28 lacs (previous year 32.79 Lacs) booked on the basis of removal of goods at invoice value. However let export order date of the same was after 31st March 2009
- d) During the year the Company has recognized export sale at invoice value of Rs. 2089.90 lacs (previous year 1039.35 lacs) instead of FOB Value of Rs.2065.11 lacs (previous year 1024.25 lacs).
- e) Fixed monthly remuneration to the Directors has been paid within the limits specified in schedule XIII of the companies Act, 1956 Rs. 8.40 Lacs (previous year Rs. 8.40 Lacs).
- f) Retirement Benefits: The Company has not made any provision for employee's gratuity since none of the employee is eligible as per Payment under Gratuity Act, 1972.
- g) The receipt of capital subsidy for the processing machinery under the Technology Up gradation Fund Scheme (TUPS) is treated as promoters contribution vide Circular No. 2 (2005-06 series) of Govt. of India Ministry of Textiles, office of the Textile commissioner, Mumbai and credited to Capital Subsidy Account under the head Reserve & Surplus.
- h) Deferred Revenue Expenses:
Preliminary expenses of Terry Towel project i.e. Bhavik Terryfab, is amortized over five years.

(i) **Auditors Remuneration:**

	Current year (Rs.)	Previous Year (Rs.)
For Statutory Audit fee	20,000.00	20,000.00
For Tax Audit fee	10,000.00	10,000.00
	<u>30,000.00</u>	<u>30,000.00</u>

- (j) The company has sought information regarding the status of the suppliers under the Micro, Small & Medium Enterprises Development Act, 2006. In the absence of such information the amount outstanding as at the year end together with interest paid / payable has not been ascertained.
- (k) The Company has undertaken hedging against the risk in Interest on Term Loan through derivative transaction. The gain/loss during the year are recognized in the Profit and Loss Account.
- (l) Figures of the previous year have been regrouped/ rearranged wherever it considered necessary.
- (m) Balances of third parties are subject to confirmation.
- (n) Company is having Agency Division i.e. KG Petrochem (Agency Division). Under this Division the company is a consignment stockiest of Gail (India) Ltd.
Company is having Health Care Division i.e The Apollo Clinic. Under this Division the company has taken franchisee of The Apollo Health & Lifestyle Ltd. During the year the company has closed trading of Pharmacy.
- (o) Income, Expenditures, Debtors and Creditors of Agency Division & Health Care Division have been shown in schedules of the financial statement.
- (p) Deferred Taxes:
 - (i) The company has adopted AS-22 issued by the council of the Institute of Chartered Accountants of India on Accounting for Taxes on Income with effect from 01.04.2001.
 - (ii) Disclosure of deferred tax liability as per AS-22 of the ICAI is as under:

Calculation of deferred tax liabilities (DTL) as on 31st March 2009:

WDV as per Companies Act, 1956	22,50,65,704.00
Less: WDV as per Income Tax Act, 1961	15,39,68,282.00
	<u>7,10,97,422.00</u>
Total Timing difference as at 31.03.2009	7,10,97,422.00
Rounded Off	7,10,97,420.00
Tax @ 30%	2,13,29,226.00
Add: Surcharge @ 10%	21,32,923.00
Add: Education Cess @ 2%	4,69,243.00
Add: Secondary & Higher Education Cess @ 1%	2,34,621.00
Net DTL required	<u>2,41,66,013.00</u>
Less: MAT Credit Available for A.Y. 08-09	2129190.00
	<u>22036823.00</u>
Less : Opening Balance as at 01.04.2008	7,66,602.00
DTL to be Provided	<u>2,12,70,221.00</u>

- (q) Segment Reporting: As per requirement of Clause 41 of the Listing Agreement by virtue of which Accounting Standard 17 (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company has disclosed the segment information for the current year as under:

Information About Business Segment

	Woven Sacks Division	Agency Division	Health Care Division	Terry Towel Division	Consolidated
Revenue:					
Sales/Income from Operation	90965663.00	3508556.00	4397200.88	451778863.00	550650282.88
Total	90965663.00	3508556.00	4397200.88	451778863.00	550650282.88
Operating Expenses					
Identifiable	86229857.84	1848991.17	6017817.10	422286484.79	516383150.90
Allocated		77327.00	-	225263.00	302590.00
Total	86229857.84	1926318.17	3065233.97	422511747.79	516685740.90
Operating Income					
Other Income /Expenses (Net)	1582562.59	5276625.32	3046.00	5288607.91	12150841.82
Total	1582562.59	5276625.32	3046.00	5288607.91	12150841.82
Taxation (Net)	-	-	-	-	26735381.00
Net Income					19380002.80
Other Information					
i. Segmental Assets	42110830.58	23719385.71	9336206.60	393995237.22	469161660.11
ii. Investment					
Total Assets	65830216.29	23719385.71	9336206.60	393995237.22	469161660.11
Segmental Liabilities	193377866.14	9168448.41	(1339205.52)	267954551.08	469161660.11
Total Liabilities	193377866.14	9168448.41	(1339205.52)	267954551.08	469161660.11

- (r) Related parties Transactions: As per requirement of Clause 41 of the Listing Agreement by virtue of which Accounting Standard 18 (AS-18) "Related party Disclosure" issued by ICAI, the company has given the following disclosures for the year.

The company has identified all the related parties having transactions during the year.

In respect of the outstanding balance recoverable as at 31.03.2009, no provision for doubtful debts is required as no balance is outstanding at the end of the year. During the year there were no amount written off or written back from such parties.

Name of the transacting related party	Relationship between the parties	Nature of transaction	Volume of transaction	Outstanding amount as at 31.03.09	Payable or Receivables
Chrome International Co. Ltd.	Mr. G.S. Kandoi & Mr. Manish Singhal are Common Directors	Rent (Office/Godown) Water & Elect.Ch. (Off.) Loans & Advances: - Received - Repayment Interest Job Work Charges (Cr.) Job Work Charge (Dr.) Goods (Agency Div.) Packing Material Plant & Machinery (Dr Sale of HDPE/Fabrics(Dr.) Sales Textile Div. Purchase Fabrics (Cr.)	210000.00 60000.00 34900000.00 34900000.00 428620.00 2225000.00 192000.00 414159.00 55570.00 156000.00 857304.00 27000.00 1305245.00	134078.00	P P R P P R P R P R R R P
Shri G. S. Kandoi	Director	Loans & Advances - Received - Repayment Interest	984000.00 807000.00 1534303.00	14637718.00	R P P
Shri Vivek Singhal	Director	Directors' Remuneration Loans & Advances - Received - Repayment Interest	420000.00 2544000.00 7526461.00 351825.00	334444.00	P R P P
Shri Manish Singhal	Director	Directors' Remuneration Loans & Advances - Received - Repayment Interest	420000.00 2236000.00 428000.00 608941.00	7390948.00	P R P P
Mrs. Savitri Kandoi	Director's Relative	Loans & Advances - Received - Repayment Interest Rent	444000.00 2311915.00 188603.00 536000.00	357108.00	R P P P
Mrs. Ritu Singhal	Director's Relative	Loans & Advances - Received - Repayment Interest Rent	269000.00 749000.00 39411.00 393000.00	109699.00	R P P P
Mrs. Preeti Singhal	Director's Relative	Loans & Advances - Received - Repayment Interest Rent Salary	2752000.00 2476000.00 252120.00 387200.00 157500.00	1971775.00	R P P P P
Baldevdas Gaurishankar (HUF)	Karta of HUF-Director	Loans & Advances - Received - Repayment Interest	1168200.00 486300.00 540415.00	5423536.00	R P P
Vivek Singhal (HUF)	Karta of HUF- Director	Loans & Advances - Received - Repayment Interest Rent	319300.00 477000.00 44000.00 200000.00	172912.00	R P P P
Manish Singhal(HUF)	Karta of HUF- Director	Loans & Advances - Received - Repayment Interest	1166000.00 1502000.00 76556.00	71730.00	R P P
Master Bhavik Singhal	Director's Relative	Loans & Advances - Received - Repayment	76500.00 Nil	188500.00	R

(s) Additional information pursuant to the provisions of paragraph 3,4C and 4D of part II of schedule VI of the Companies Act, 1956.

A. Information in regard to Opening stock & Closing stock of finished goods.

(I) Opening Stock

Item	Current Year			Previous Year		
	Quantity Nos. (In Lacs)	Weight (MT)	Value Rs. (In Lacs)	Qty. Nos. (In Lacs)	Weight (MT)	Value Rs. (In Lacs)
Bags	0.095	0.563	0.42	0.03	0.331	0.26
Scrap	-	10.680	1.28	-	45.085	5.41
WIP – Woven Sacks Div.	-	36.372	25.05	-	25.441	17.95
Terry Towel	-	70.171	82.47	-	50.025	95.55
WIP – Textile Div.	-	211.108	247.12	-	140.059	173.93
Scrap	-	25.333	1.27	-	7.572	0.76
			357.61			293.86

(II) Closing Stock

Item	Current Year			Previous Year		
	Quantity Nos. (In Lacs)	Weight (MT)	Value Rs. (In Lacs)	Qty. Nos. (In Lacs)	Weight (MT)	Value Rs. (In Lacs)
Bags	0.07	0.468	0.37	0.095	0.563	0.42
Scrap	-	15.825	1.9	-	10.680	1.28
WIP – Woven Sacks Div.	-	25.232	18.6	-	36.372	25.05
Terry Towel	-	79.09	159.6	-	70.171	82.47
WIP – Textile Div.	-	191.61	251.6	-	211.108	247.12
Scrap	-	2.006	0.09	-	25.333	1.27
			432.16			357.61

B. Information in regard to Installed Capacity and Actual Production.

Item	Current Year		Previous Year	
	Installed Capacity	Actual Production (MT)	Installed Capacity	Actual Production (MT)
Polymer Extrusion	3400 MT	1180.075	3400 MT	1384.627
Tape	1 Plants	937.655	1 Plants	1250.392
Fabric	46 Looms	1077.794	46 Looms	1204.830
Bags	30 Stitching Machines	916.435	30 Stitching Machines	1143.213
Scrap	N.A.	107.489	N.A.	123.925
Yarn Processed	3000 MT	1971.848	3000 MT	2065.698
Towel	45 Stitching M/c.	1598.230	45 Stitching M/c.	1375.164

Note: (i) The Tape & Fabric used for captive consumption has also been included in production.
(ii) The production comprises own and job work production.

C. Information in regard to material received after job work from outside:

Item	Current Year (Qty. in MT)	Previous Year (Qty. in MT)
Woven Sakes Division		
Fabric	16.840	28.830
Scrap	1.140	2.170
TOTAL	17.980	31.000

D. Information in regard to sales effected by the Company

		Current Year			Previous Year		
Item		Quantity Nos. (In Lacs.)	Weight (MT)	Value Rs. (In Lacs.)	Quantity Nos. (In Lacs.)	Weight (MT)	Value Rs. (In Lacs.)
Bags	Own	133.455	916.53	871.43	171.59	1142.981	989.05
	J/W	-	-	-	-	-	-
Fabric	Own	-	9.925	7.47	-	55.423	59.55
Fabric	J/W	-	172.366	22.32	-	50.191	7.21
Scrap	Own	-	89.385	8.43	-	158.330	18.54
Towel/Fabric	Own	-	1764.24	4280.60	-	1654.355	3591.52
Processing Charge	J/W	-	-	31.07	-	-	81.69
Scrap	Own		121.89	22.16	-	87.932	3.00
				5243.48			4750.56

E. Raw Material Consumed:

		Current Year		Previous Year	
		Quantity (MT)	Value (In Lacs)	Quantity (MT)	Value (In Lacs)
HDPE / PP Granules Bags/ Master Batch					
Own		994.750	599.070	1333.492	742.90
Job Work		185.325	0.000	51.135	0.00
Yarn					
Own		1971.848	1984.840	2065.698	1878.12
Fabric		92.850	178.800	15.886	27.46
TOTAL			2762.710		2648.48

F. Expenditure in foreign currency on account of :

		Current Year		Previous Year	
		Quantity (MT)	Value (In Lacs)	Quantity (MT)	Value (In Lacs)
(a)	Capital Goods	-	27.45	-	-
(b)	Raw Material	-	-	-	-
(c)	Store & Spares	-	9.82	-	4.87
(d)	Directors Travelling	-	5.79	-	3.04

G. Value of imported and indigenous Raw Material consumed and percentage their-of to the total consumption.

	Current Year		Previous Year	
	Percentage	Value (Rs. In Lacs)	Percentage	Value (Rs. In Lacs)
(Woven Sacks)	-	-	—	—
Imported (high seas purchase)				
Indigenous—HDPE/PP Granules/ MB (Textile Div.)	100	599.07	100	742.90
Imported (high seas purchase)	—	—	—	—
Indigenous – Yarn/Fabric	100	2163.64	100	1905.58
		2762.71		2648.48

H. Earning in foreign Exchange

(Rs. In lacs)

(Rs. in lacs)

Export of Goods calculated on FOB Basis

2065.110

1024.25

As per our report of even date annexed

For A. R. Vijay & Co.
Chartered Accountants

For and on behalf of the Board

(A. R. VIJAY)
Partner

(G. S. KANDOI)
Director

(MANISH SINGHAL)
Managing Director

Place : **JAIPUR**
Dated : **13TH JULY 2009**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

01999

State Code

17

Balance Sheet Date

31-03-2009

II. Capital raised during the year

Public issue

NIL

Right issue

NIL

Bonus issue

NIL

Private placement

NIL

III. Position of mobilisation and deployment of funds (Rs.in lacs)

Total Liabilities :

4304.99

Total Assets:

4304.99

SOURCES OF FUNDS:

Paid up Capital

581.53

Secured Loan

2192.51

Reserve & surplus

1002.00

Unsecured Loan

308.58

Deferred Tax Liability

220.37

4304.99

APPLICATION OF FUNDS :

Net Fixed Assets

2424.06

Investments

0.00

Net Current Assets

1880.21

Misc. Expenditures

0.72

4304.99

IV. Performance of Company (Rs.in Lacs)

Turnover

5266.54

Total Expenditure :

4805.38

(Including variation in stock)

Profit before Tax

461.16

Profit after Tax :

193.80

Dividend

NIL

Earning per share:

3.71

V. Generic Name of Principal Product of Company

Item Code.ITC Code :

39230000

Product Description : HDPE/PP Woven Sacks/Fabric

Item Code.ITC Code :

63029100

Product Description : COTTON TERRY TOWEL

As per our report of even date annexed

For A. R. Vijay & Co.

Chartered Accountants

For and on behalf of the Board

(A. R. VIJAY)

Partner

(G. S. KANDOI)

Director

(MANISH SINGHAL)

Managing Director

Place : JAIPUR

Dated : 13TH JULY 2009

**CASH FLOW STATEMENT ANNEXES TO THE BALANCE SHEET
FOR THE PERIOD FROM 01.04.2008 TO 31.03.2009**

(Rs. In Lacs)

	CURRENT YEAR 2008-2009	PREVIOUS YEAR 2007-2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(Net Loss) before Tax	461.15	265.46
Adjustment for :		
Depreciation	415.38	313.23
Financial Expenses	207.51	222.22
Deferred Revenue Expenditure W/off	0.72	0.72
Intt/Other Income	(108.34)	(40.70)
Profit on Sale of Assets	(13.17)	0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES	963.25	760.93
Adjustment for :		
Trade & Other Receivables	(179.39)	(387.85)
Inventories	(86.64)	(83.25)
Trade Payables	(19.06)	132.39
Loans & Advances	(66.52)	(126.50)
Cash Generated from operations	611.64	295.72
Financial Expenses	(207.51)	(222.22)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	404.13	73.50
Extraordinary Items :		
Preliminary Expenses	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	404.13	73.50
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases of Fixed Assets	(8.30)	(28.37)
Capital WIP	(106.54)	0.00
Sale of Fixed Assets (net)	33.17	0
Capital Subsidy Under TUFS	0	0
Interest/Other Income	108.34	40.7
Profit on Sale of Assets	13.17	0
Dividend Received	0	0
NET CASH USED IN INVESTING ACTIVITIES	39.84	12.33
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Call Money	NIL	NIL
Proceeds from Long Term Borrowings	(340.52)	(455.77)
C/C Limits from Bank	(90.43)	138.50
Unsecured Loans	(15.73)	189.01
NET CASH USED IN FINANCING ACTIVITIES	(446.68)	(128.26)
INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(2.71)	(42.43)
CASH & CASH EQUIVALENT AS AT 1ST APRIL	22.03	64.46
CASH & CASH EQUIVALENTS AS AT 31ST MARCH	19.32	22.03

As per our report of even date annexed

For A. R. Vijay & Co.

Chartered Accountants

For and on behalf of the Board

Sd/-
(A. R. VIJAY)
Partner

Sd/-
(VIVEK SINGHAL)
Director

Sd/-
(MANISH SINGHAL)
Managing Director

Place : **JAIPUR**

Dated : **13TH JULY 2009**

KG PETROCHEM LIMITED

REGD. OFF. : C-171, ROAD NO. 9J, V.K.I. AREA, JAIPUR-302 013 (INDIA)

PROXY FORM

I/We Of

being a member (s) of KG Petrochem Limited hereby appoint

.....

.....

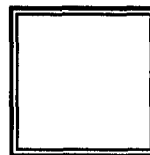
..... of or failing him/her

..... of as my/our proxy to Vote for
me/us and on my / our behalf at the Twenty Ninth Annual General Meeting of the Company to be
held on Wednesday the 23rd day of September 2009 and adjournment thereof.

As Witness my/our hand (s) this day of 2009

Signed by the said

Affix
1 Rs.
Rev-
enue
Stamp



Folio No. No. of Shares held

Note : The proxy must be deposited at the Registered Office of the Company not less than 48
hours before the time for holding of the aforesaid meeting.

KG PETROCHEM LIMITED

REGD. OFF. : C-171, ROAD NO. 9J, V.K.I. AREA, JAIPUR-302 013 (INDIA)

ATTENDANCE SLIP

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company to be
held at the Regd. Off. : C-171, Road No. 9J, Vishwakarma Industrial Area, Jaipur-302 013 On
Wednesday the 23rd day of September 2009 at 11.00 A.M.

Name of the Shareholder
(in block Letters)

Folio No. No. of the Shares held

Signature of the Shareholder/Proxy

Note : Only Shareholders of the Company or their Proxies will attend the meeting.

Book Post

If undelivered please return to :

KG PETROCHEM LIMITED

C-171, Road No. 9 J, V.K.I. Area,
Jaipur-302 013.