



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	<ul style="list-style-type: none">• BANK OF BARODA, V. K. I. AREA, JAIPUR.• IDBI BANK, TONK ROAD, JAIPUR
Auditors	M/S. KALANI AND CO. Chartered Accountants 202, Mangal Marg, Bapu Nagar, 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.
Company Secretary	SHRI VIMAL TANK
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	<ul style="list-style-type: none">• NATIONAL SECURITIES DEPOSITORY LTD.• CENTRAL DEPOSITORY SERVICES (INDIA) LTD.
Works	<ul style="list-style-type: none">• 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**



LETTER FROM THE CHAIRMAN

Dear Shareholder,

I am happy to present your Company's 30th Annual Report. The year was full of activities and major decisions were taken in view of current global recession and economic scenario. The Net Profit after tax decreased from Rs. 193.81 lacs to Rs. 98.53 lacs. The decrease in the income mainly due to derivative loss and loss of health care division, although The turnover also increased to 6189.79 lacs in comparison to previous year 5507.09 i.e. 12.40% growth.



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

The company reviewed the current market condition and found the its woven sacks and health care division are not as much profitable as compared to Textile Division and Agency Division. Therefore the Company decided to shift its focus to Textile Division. Company started expansion of Textile Division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs. 2750.00 lacs for the project and I am proud to inform you that construction is going on full swing. The expansion of I phase had been completed and commercial production started from the new plant and machinery and II phase expansion will be completed in the second quarter of this year.

Textile Division : During the year under review, it has achieved income from operation of Rs. 5363.27 lacs including export sales of Rs. 2985.11 lacs as against Rs. 4517.79 lacs including export of 2089.90 in previous year, growth of 18.71%.

Agency Division : It earned commission of Rs. 39.77 lacs as compared to last year Rs. 34.59 lacs. The div. earned a profit of Rs. 53.38 lacs as compared to previous year Rs. 68.59 lacs. The company receiving good response from customers in this sector and the company received a cash prize of Rs. 88170/- and trophy from Gail for its achievement.

Woven Sacks Division : During the year under review, it has achieved turnover of Rs. 829.28 lacs in comparison to previous year Rs. 1004.26 Lacs. i.e. decreased 17.42%. The division is not much profitable as compared to textile division. Company has sold out major plant and machinery.

Health Care Division : The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 22.45 lacs only in comparison to previous year Rs. 45.05 lacs i.e. decreased of 50.17% due to decrease in the income of health care division by equivalent to 50% overall profit of the company also declined. Company has closed down its operation since Nov. 09 and looking to dispose off its equipments.

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 chance.

Looking to overall financial position of your company it has earned cash profit of Rs. 554.82 lacs. The 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 year 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 extra ordinary 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 30th Annual General Meeting of **KG PETROCHEM LIMITED** will be held on Monday, the 30th day of August, 2010 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, 2010 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. Rameshwar Pareek 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 in partial modification of the resolution passed at the Board of Director Meeting held on 30.07.09 which was subsequently ratified by the share holders in Annual General Meeting held on 23.09.09 and in accordance with the provision of section 198, 309, 310, 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, as amended from time to time the consent be and is here by accorded to the payment of the enhanced remuneration to Shri G.S Kandoi Chairman Cum Managing Director, of the company of Rs. 1,00,000 Per Month with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that in partial modification of the resolution passed at the Board of Director Meeting held on 30.07.09 which was subsequently ratified by the share holders in Annual General Meeting held on 23.09.09 and in accordance with the provision of section 198, 309, 310, 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, the consent be and is here by accorded to the payment of the enhanced remuneration to Shri Manish Singhal ,Executive Director of the company of Rs. 1,00,000 Per Month with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution

"Resolved that pursuant to section 314 (1),314 (1B) and other applicable provisions, if any 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, and subject to approval of Central Government if required, the consent be and is here by accorded to the payment of the enhanced remuneration of 35000 per Month, to Smt. Preety Singhal, (Relatives of Shri Manish Singhal ,Director and Shri G.S. Kandoi Chairman cum Managing Director) Executive of Bhavik Terryfab a unit of the company with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee."

For & on behalf of the Board

Place:JAIPUR
Date : 29th MAY 2010

(Vimal Tank)
Company Secretary



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 26th August 2010 to 30th August, 2010 (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 & Share Transfer Agent of the company.

For & on behalf of the Board

Place: **JAIPUR**
Date : **29th MAY 2010**

(Vimal Tank)
Company Secretary



EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

Item No.4 :

As Mr G.S Kandoi Chairman Cum Managing Director of the company is providing their valuable service for the company. He is an Mechanical Engineer from Bits Pilani having vast experience in the field of finance and Export and he is involved in the company since 15 years experience in ceramic industry and provided their admirable service to the company .the Remuneration Committee had decided to increase the remuneration of Shri G,S Kandoi upto Rupees One lac per month. The proposed remuneration is within the limit of schedule XIII of Companies Act, 1956, and other terms and condition as approved by the remuneration committee.

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

Your directors recommend the resolution for your approval.

No other director except Shri Manish Singhal, being son of Mr.G.S.Kandoi is interested in the resolution.

Item No.5:

As Mr Manish Singhal Executive Director of the company is providing their valuable service for the company. He is an Engineers from IIT Delhi having vast experience in the field of Management and Marketing provided their admirable service to the company the Remuneration Committee had decided to increase the remuneration of Shri Manish Singhal Upto Rupees One lacs per month. The proposed remuneration is within the limit of schedule XIII of Companies Act, 1956 and other terms and condition as approved by the remuneration committee.

Your directors recommend the resolution for your approval.

No other director except Shri G.S Kandoi, being father of Mr.Manish Singhal is interested in the resolution.

Item No.6:

The Special resolution relates to payment of the enhanced remuneration of Rs. 35,000 Per Month, to Smt. Preety Singhal, (Relatives of Shri Manish Singhal ,Director and Shri G,S Kandoi Chairman cum Managing Director) Executive of Bhavik Terryfab a unit of the company with effect from 01.04.2010.

Your directors recommend the resolution for your approval

In view of the facts stated above and also as stated in the resolution, the special resolution is being placed for your approval. None of the Director except Shri G.S Kandoi and Mr.Manish Singhal are concerned of interested in the said resolution

For & on behalf of the Board

Place:JAIPUR
Date : 29th MAY 2010

(Vimal Tank)
Company Secretary



**AN ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING
BRIEF PROFILE OF DIRECTORS AS PER CLAUSE 49 OF LISTING AGREEMENT**

Particulars	Shri G. S. Kandoi	Shri Manish Singhal	Shri Nitin Jaipuria	Shri Rameshwar Pareek	Shri Amar Chand Gupta
Date of Birth & Age	07.11.1943 (67 Years)	10.08.1972 (38 Years)	12.02.1973 (37 Years)	01.11.1944 (66 Years)	26.08.1944 (66 Years)
Date of Appointed on the Board	05.09.2003	01.06.2000	13.07.2009	29.05..2008	26.06.2006
Qualification	B.E.(Mech.) from BITS PILANI	M.S.(CHEMICAL) from University of Florida USA & B.TECH From IIT, DELHI	B.COM.	B.COM.	B.E. (ELECTRICALS) From BITS PILANI
Expertise in Specific functional areas	Management & Finance	Management & Marketing	TEXTILE Wholesale Business	Management & Marketing	Production
Directorship held in other companies as on 31st March, 2010	NIL	NIL	NIL	1. Mayur Uniquoter Ltd. 2. Kailash Vidyut & Ispat Ltd. 3. Genus Paper Product Ltd. 4. Genus Power Infrastructures Ltd. 5. Genus Electrotech Ltd. 6. Virtuous Infra Ltd. 7. Genus Prime Infra Ltd.	NIL
Memberships / Chairmanships of committees in other public companies	NIL	NIL	NIL	1. Chairmen of Remuneration Committee & Member of Audit Committee of Mayur Uniquoter Ltd. 2. Chairmen of Audit Committee & Member of Remuneration & Invertor Grievance Committee of Genus Power Infrastructures Ltd.	NIL
No. of Shares Held	904250	1129000	NIL	NIL	NIL



DIRECTORS' REPORT

Dear Shareholders,

The Directors take great pleasure in presenting their 30th Annual Report on the business and operations of the Company and the audited financial statements for the year ended March 31, 2010

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>2009-2010</u>	(Rs. in Lacs) <u>2008-2009</u>
Sales/income from operation	6189.79	5507.09
Other Income	70.66	62.20
Total Expenditure (Including variation in stock)	5447.20	4535.33
Profit before Interest, Depreciation & Tax	813.25	1033.96
Financial Expenses	133.16	157.43
Extraordinary Item	126.00	0.00
Profit/(Loss) before depreciation & Tax	554.09	876.53
Depreciation	439.52	415.37
Provision for Taxation	16.04	267.35
Profit/(Loss) after Tax	98.53	193.81
Profit & Loss brought forward	898.77	704.97
Balance Carried to Balance Sheet	997.30	898.78

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 from operation had increased from Rs.5507.09 lacs to Rs.6189.79 lacs, a growth of 12.40% over the previous financial year. The Net Profit after tax decreased from Rs 193.81 lacs to Rs.98.53 lac The decrease in the income mainly due to derivative loss and loss of health care division.

Further Segment wise result of operation is as under:-

Woven Sacks Division:- During the year under review, it has achieved turnover of Rs. 829.28 lacs in comparison to previous year Rs.1004.26 Lacs i.e. decreased 17.42%

Agency Division:- It earned commission of Rs. 39.77 lacs as compared to last year Rs. 34.59 lacs. The div. earned a profit of Rs.53.38 lacs as compared to previous year Rs.68.59 lacs.

Health Care Division:- The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 22.45 lacs only in comparison to previous year Rs. 45.05 lacs i.e. decreased of 50.17%

Textile Division:- During the year under review, it has achieved income from operation of Rs. 5363.27 lacs including export sales of Rs. 2985.11 lacs as against Rs.4517.79 lacs including export of 2089.90 in previous year, growth of 18.71%.

The Company has diversified its business into four largely independent Division i.e Agency, Healthcare, Textile and Woven Sacks Division. While Health care Division phased out Completely and woven sacks is under process to phase out and Company full concentration is shifted towards textile division and agency division with



a view to improve and strengthen its productivity and quality.

NET WORTH

Your company continued to perform creditability in 2009-2010, as well. The year saw your Company's Net worth growing from Rs.1582.82 lacs in the previous year to Rs.1682.07 Lacs as on 31st March, 2010.

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 2452.97 MT yarn during 2009-10 in comparison to 1971.848 MT yarn during 2008-09. The management is confident to maintain its present performance in future.

In woven sacks division your company could process 663.30 MT polymers during 2009-10 in comparison to 1180.075 MT polymers during 2008-09, as the main plant and machinery has been disposed off.

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 company's creditability in the international market. During the year under review the company made an export of its product worth Rs.2985.106 Lacs against Rs 2089.90 lacs in the year 2008-09.

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

Your Director are happy to report that during the year, steady progress has been made in all the ongoing expansion. In the current financial year 2010-11 would witness completion of second phase of Terry towel Division. The long term out look for terry towel is encouraging. The Company continued its emphasis on technology up gradation, modernization and product & market development. Its quality is well established and accepted in the international market. The Company started the production of embroidery terry towel which are fetching higher price realization.

As discussed in the previous annual general meeting, with the utmost zeal, the management of your company had started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs.2750 lacs for the project The expansion of 1st phase almost completed and second phase expansion will be completed in the second quarter of year., and The Commercial production from the 1st phase started in the month of march 2010

The company's increased production capacity by upgraded technology and plant and machinery and product diversification upcoming with a new product 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. Rameshwar Pareek retire by rotation at the ensuing AGM and is eligible for re-appointment and being eligible offer himself for reappointment. In the Annual General Meeting held on 23.09.09 Mr. Nitin Jaipuria was confirmed as Director of the Company,

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at 31st March, 2010 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.
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. Kalani and Co., Chartered Accountants, who retire at the ensuing AGM, and being eligible, offer themselves for re-appointment, to hold office from the conclusion of this meeting until the conclusion of the next annual general Meeting, Certificates from the Auditors has been received to the effect that their reappointment, if made, would be within the limit prescribed under section 224(1B) of the companies act, 1956.

AUDITORS' REPORT

The auditor report is self explanatory and their observation have been Substantial dealt with the notes to the accounts and do not require any further clarification

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

Company deposit accepted by the company are after complying with the provision of section 58A and 58AA of companies Act, 1956 and rules frame there under.



COMPANY SECRETARY CUM COMPLIANCE OFFICER

Mr. Vimal Tank has been appointed as Company Secretary with effect from 17th February, 2010 and also designated as Compliance Officer as per listing requirement with effect from 29th May,2010

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 2009-2010 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 organizations 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.

The Director also wish to acknowledge the committed and dedicated team of KG Petrochem whose unstinted hard work, efforts and ideas have taken the Company on a path of Steady growth and Development. 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.

For and on behalf of the Board of Directors

Place: **JAIPUR**
Date : **29th MAY 2010**

(G. S. Kandoi)
Chairman



Annexure 'A' Annexed to Directors Report

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 : **29th MAY 2010**

(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, 2010.

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	5897259 KWH	6494555 KWH
Total Amount (Rs.)	25693238.00	27832766.00
Rate/Unit (Rs.)	4.38	4.29
(b) Own generation		
Through Diesel Generator		
Units	710608	401701
Units per Ltr. of diesel oil	3.49	3.33
Cost/Unit	8.10	8.74
2. Coal, Petcoke, Husk, etc.		
(Used for Generation of Steam in Boiler)		
Steam (MT)	30905.49	21856.623
Total Amount (Rs.)	18360228	18642127
Average Rate/MT (Rs.)	594.07	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, 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:

	2009-10	2008-09
Earnings	2964.78 lacs	2065.11 Lacs
Out go	2144.34 Lacs	43.06 Lacs

For & on behalf of the Board

Place: **JAIPUR**
Date : **29th MAY 2010**

(G. S. KANODI)
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
- (iii) Consignment Stockiest of GAIL (I) LTD. for marketing and distribution of polymers.

REVIEW OF OPERATIONS

In the previous annual General meeting the Company had 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 closed down the health care division and is going to phase out the woven sacks division in due course. Company had started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs.2750.00 lacs for the project and we are proud to inform you that construction is going on full swing. The expansion of I phase had been completed and commercial production started from the new plant and machinery. and II phase expansion will be completed in the second quarter of this year.

Textile Div: It has employed highly technical and expert engineers to run the plant smoothly. The project is partially implemented and marketing its product in domestic market and exporting to 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 income from operation of Rs. 5363.27 lacs including export sales of Rs. 2964.78 lacs as against Rs.4517.79 lacs previous year including export sales of Rs.2089.90 lacs, growth of 18.71%. Profitability of Textile Division started declining from third Quarter due to steep increase in yarn prices and decline in Dollar vis.-a-vis. rupees. Moreover company had to make payment of Rs. 1.26 crore to ICICI Bank on account of derivatives loss. Due to all the above factors profitability of the company declined

Agency Div. Your Company is consignment stockiest for Gail (India) Ltd. since 1999. In this Division the Sale of polymers (HDPE, LLDPE, etc.) was 9790.00 MT in comparison of 8817.124 MT in previous year, thus increase of 11.03%. 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. 39.77 lacs as compared to last year Rs.35.09 lacs. Company received a cash prize of Rs. 88170/- and trophy from Gail for its achievement.

Woven Sacks Div. During the year under review, it has achieved turnover of Rs. 829.28 in comparison to previous year 1004.26 i.e. decrease 17.42%. This Division is not as much profitable as compared to Textile Division. Therefore your Management has decided to phase out the woven sacks Division. Company has sold out major plant and machinery and supplying bags to existing customers by purchasing fabric from open market. Due to this reason profitability and turnover has declined. Company has rented out its factory building.

Health Care Div. This division has also not achieved good performance during the year under review. It has achieved Income from operations of Rs. 22.45 lacs in comparison to previous year Rs. 45.05 lacs i.e. decrease of 50.17%. Due to decrease in the income of health care division by equivalent to 50% overall profit of the company also declined. Company has closed down its operations since Nov 09 and looking to dispose off its equipments.

OPPORTUNITIES

The Company has carved a niche for itself in the Terry Towel. 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.

CHALLENGES

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

The present recession in the economy and ever rising competition from neighboring countries may be a 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 has an increased the capacity by 3000 MT terry towel, 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 term loan installment

STATUTORY COMPLIANCE

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

INDUSTRIAL RELATIONS

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

HUMAN RESOURCES

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

For & on behalf of the Board

Place: **JAIPUR**
Date : **29th MAY 2010**

(G. S. KANODI)
Chairman



CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) has stipulates 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 2010 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 2009-2010 is as under:

Name of Directors & DIN No.	Status	Board Meeting attended 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)	5	Yes	-	-
Sh. Manish Singhal - 00120232	Whole Time Director (Executive)	5	Yes	-	-
Sh. Amar Chand Gupta - 00534918	Non Executive & Independent	5	Yes	-	-
Sh. Rameshwar Pareek-00014224	Non Executive & Independent	5	Yes	7	2
Shri Nitin Jaipuria -02723324	Non Executive & Independent	3	Yes	NIL	NIL

Meeting of Board of Directors held on 30.04.09, 13.07.09, 30.07.09, 30.10.09, 29.01.10 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 30.04.09, 13.07.2009, 30.07.2009, 30.10.2009 & 29.01.2010 during the year under review.

Name of Member	No. of meetings	
	Held	Attended
1. Mr. Amar Chand Gupta (Chairman)	5	5
2. Mr. Rameshwar Pareek	5	5
3. Mr. Nitin Jaipuria	5	3



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 three independent directors and headed by an Independent Director.

Sh. Amar Chand Gupta, Chairman

Sh. Nitin Jaipuria, Member

Sh. Rameshwar Pareek, Member

- Function :
- (a) To institute and guide compensation and benefits policies
 - (b) To determine and recommend to the Board, compensation payable to Executive Directors.
 - (b) To determine the extension of tenure of service of any director.
 - (c) 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 G. S. Kandoi	Rs. 403226.00
2.	Shri Vivek Singhal (resigned on 30.04.09)	Rs. 35000.00
3.	Shri Manish Singhal	Rs. 585000.00
4.	Smt . Preety Singhal (From 1st May 2009 to 13th July, 2009)	Rs. 60500.00

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 2 other members.

1. Shri Amar Chand Gupta (Chairman)
2. Shri G.S.Kandoi, CMD (Member)
3. Shri Manish Singhal, Director (Member)

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

No Complaint received from investors during the year and as on date no investor grievance is pending for disposal. Shri Vimal Tank, Company Secretary 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. 13.07.09 was re-constituted as under: -

1. Shri G.S. Kandoi, Chairman,
2. Shri Manish Singhal, Director (Member)
3. Shri Amar Chand Gupta (Member)

Terms of Reference of the said Committee are as follows:

1. Borrow moneys and exercise all powers to borrow moneys (otherwise than by issue of debentures) not exceeding Rs.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.
7. Advise on financial matters/policies in overall interest of Company.

**Details of Director**

The Profile of Directors with abbreviated Resume is furnished herewith.

Mr. G. S. Kandoi (67year) is mechanical engineer from BITS Pilani is Chairman cum Managing Director of the company and he joined the company in September 05, 2003 and since then he is whole time director and he is having vast experience in the field of management and finance and he hold 904250 shares of the company.

Mr. Manish Singhal (38Year) is M.S (Chemical) from University of Florida USA and B.Tech from IIT Delhi is the son of Shri G. S. Kandoi Director of the company and the company in June 1st ,2000 and since then he is whole time director and he is having experience in the field of Management and Marketing and he hold 1129000 shares of the company.

Mr. Rameshwar Pareek (66Year) B. Com, is a independent director and non executive director of the company .He is presently member of board in 7 other companies namely Genus Power Infrastructure Limited, Mayur Uniquoter Ltd , Kailash Vidyut and Ispat Ltd, Genus Paper Product Ltd, Genus Electrotech Ltd., Virtuous Infra Ltd, and Genus Prime Infra Ltd . He is retired as D.G.M From Rajasthan Finance Corporation, Jaipur in the year 2002.He hold industrial exposure as he worked in Bureau of Industrial promotion on deputation .He is fully conversant with the working of Government Departments. He does not hold any share of the company.

Relationship among Directors

S. No.	Name of Director	Relationship
1.	Shri G. S. Kandoi (Chairman cum Managing Director)	Shri Manish Singhal - Son
2.	Shri Manish Singhal (Executive Director)	Shri G. S. Kandoi - Father

Except as details above, other Directors do not have any relationship with each other

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
27th	Wednesday, August 29, 2007	11.00 a.m.	C-171, Road No. 9J, VKI Area, Jaipur-302013.	NIL
28th	Wednesday, August 27, 2008	11:00a.m	C-171, Road No. 9J, VKI Area, Jaipur-302013	NIL
29th	Wednesday, September 23, 2009	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, 2010.

CEO / CFO Certificate

Certificate from CEO / CFO for the financial year ended on March 31, 2010 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 Financial Express & Khabron Ki Dunia. The financial result applied to remain and mail to share holder on demand

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 : 30th August 2010
Venue : C-171, Road No. 9J, VKI Area, Jaipur.
Financial Calendar : April 1st to March 31st

Financial Calendar (Tentative)

- Un-audited Financial Results for Qtr. Ended 30th June 2010 : 2nd week of August 2010
- Un-audited Financial Results for Qtr. Ended 30th September 2010 : 2nd week of Nov. 2010
- Un-audited Financial Results for Qtr. Ended 31st December 2010 : 2nd week of February 2011
- Audited Financial Results for Qtr./Year Ended 31st March 2011 : Last week of May 2011

Book Closure : 26th August 2010 to 30th August, 2010 (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 531609).

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:

Market Price of Company's Share at BSE			BSE Sensex	
Months	High(Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July 2009	9.03	9.03	15732.81	13219.99
August 2009	9.48	9.48	16002.46	14684.45
September 2009	11.50	9.95	17142.52	15356.72
October 2009	12.07	23.50	17493.17	15805.20
November 2009	24.50	24.50	17290.48	15330.56
December 2009	21.00	22.05	17530.94	16577.78
January 2010	20.95	20.95	17790.33	15982.08
February 2010	19.00	20.50	16669.25	15651.99

* No transaction took place during the month from April 2009 to June 2009 and in the months of March 2010.

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 affected 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).

Dematerialization of Share: 62.76 % of the Company's paid up equity share capital has been dematerialized as on 31st March 2010.

Distribution of Shareholding as on 31.03.2010

No. of Share Holders	Shareholders %	Number of Shares	No. of Shares Held	Shareholding Percentage
115	33.04	1 - 500	41450	0.79
198	56.89	501 - 1000	180200	3.45
12	3.44	1001 - 5000	22300	0.42
1	0.28	5001 - 10000	6400	0.12
6	1.72	10001 - 50000	167900	3.21
3	.86	50001 -100000	213400	4.08
13	3.73	100001 & above	4549350	87.90
348	100.00		5221000	100.00

Categorywise Distribution of shareholding by ownership as on 31.03.2010

Category	Number of Shares	Shareholding Percentage
Promoters	2956850	56.634
Persons acting in concert	0	0.00
Corporate Bodies	1033900	19.803
Indian Public	1230250	23.564
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.

Place: **JAIPUR**

Date : **29th MAY 2010**

For & on behalf of the Board

(G. S. KANODI)
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, 2010, 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 : **29th MAY 2010**

(G. S. KANODI)
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:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 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.
2. 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 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.

(Manish Singhal)
CEO

(G. S. KANODI)
CFO

Place: **JAIPUR**
Date : **29th MAY 2010**

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 2010 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 review 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 and the representation made by director & management, we certify that the company has complied with the conditions of corporate governance as stipulated in the clause 49 of 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 Kalani & Co.
Chartered Accountants
FRN 00722C

Place: **JAIPUR**
Date : **29th MAY 2010**

(K.L. Jhanwar)
Partner
(M. No. 14080)



AUDITOR'S REPORT

To,
The Members
KG Petrochem Limited

1. We have audited the attached Balance Sheet of KG PETROCHEM LIMITED as at 31st March 2010, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the company, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by 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 paragraph 4 and 5 of the said order.
4. 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 the purposes of our audit.
 - ii) In our opinion, proper books of accounts as required by the law have been kept by the company as 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 accounts.
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.
 - v) On the basis of the written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) Attention is drawn that Sales have been accounted for as soon as material is dispatched from factory gate as per Accounting Policy No.5 of schedule no.20 of the Financial statements.
 - vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information as 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 Balance Sheet, of the state of affairs as at 31st March, 2010;
 - b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **Kalani & Company**
Chartered Accountants
FRN 00722C

Place : **JAIPUR.**
Date : **29th May 2010**

(K.L. Jhanwar)
Partner
(M. No. 14080)



ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of the KG PETROCHEM LTD. on the accounts for the year ended 31st March 2010.

- (i.) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) 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.
 - (c) During the year, Company has not disposed off any substantial /major part of fixed assets; hence the going concern status of the company is not affected.
- (ii.) (a) As informed to us the inventory has been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable.
 - (b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The company is maintaining proper records of the inventory. The discrepancies noticed by the management on verification between the physical stocks and the book records were not material.
- (iii) (a) to (g) The company has not granted/taken any loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Act. Accordingly paragraph (iii) (a) to (g) is not applicable.
- (iv.) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of inventories, fixed assets, other assets and with regard to sale of goods. During the course of our audit, we have not observed any major weakness in internal controls
- (v.) (a) On the basis of checks carried out by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
 - (b) In our opinion and according to the explanations and information given to us, the transactions in pursuance of the contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of a party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, in respect of deposits accepted, the company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. Further no order has been passed by the company law board in respect of deposits accepted by the company.
- (vii) In our opinion the company has internal audit system commensurate with the size and nature of its business.
- (viii) According to information and explanation given to us, the central government has prescribed under Section 209(1)(d) of the Companies Act 1956, the maintenance of the cost records in respect of its products manufacture by the company. We have broadly reviewed the books of accounts maintained and in our opinion; the prescribed accounts and records have prima facie been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the records examined by us the company is generally regular in depositing with appropriate authorities all applicable undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess & any other statutory dues applicable to it.

According to the information and explanations given to us there were no undisputed amount payable in



respect of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess & any other statutory dues were in arrears, as at 31.03.10 for the period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty, Service tax & cess which have not been deposited on account of any dispute except the following.

Nature of Statute	Nature of Dues	Amount (In Rs,)	Period to which the amount relates (F.Y.)	Forum Where dispute is pending
Income Tax Act, 1961	Income	98,314/-	2002-2003	CIT
		1,07,026/-	1998-1999	CIT
Central Excise Act, 1944	Excise Duty	2,43,190/-	2001-02 to 2004-05 (Upto Feb-05)	CESTAT

- (x) There are no accumulated losses at the end of the financial year. Therefore, the provisions of clause 4 (x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in the shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, the company has prima facie applied the sum raised on term loans for the purposes for which the loans were obtained.
- (xvii) According to the records examined by us and information and explanations given to us and on overall examination of Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short-term basis have been used for long-term investments.
- (xviii) The company has not made any allotment of shares to the parties covered in register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has not issued debentures during the year.
- (xx) The company has not raised any money through public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **Kalani & Company**
Chartered Accountants
FRN 00722C

Place : **JAIPUR.**
Date : **29th May 2010**

(**K.L. Jhanwar**)
Partner
(**M. No. 14080**)

KG PETROCHEM LIMITED



BALANCE SHEET AS AT 31ST MARCH 2010

Particulars	Schedule No.	As at	
		31st March, 2010	31st March, 2009
SOURCES OF FUNDS:			
Shareholders Funds			
Share Capital	1	58,152,500	58,152,500
Reserves & Surplus	2	110,054,704	100,200,943
Deferred Tax Liability		25,508,707	22,036,823
Loan Funds			
Secured Loans	3	437,410,773	219,250,573
		631,126,684	399,640,839
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	4	565,493,477	368,511,596
Less: Depreciation		167,849,602	136,759,339
		397,643,875	231,752,257
Add : Capital Work in Progress		120,179,421	10,653,715
Net Block		517,823,296	242,405,972
Investments			
		-	-
Current Assets, Loans & Advances			
Inventories	5	86,612,399	66,595,267
Sundry Debtors	6	143,316,114	121,998,811
Cash & Bank Balances	7	337,022	1,932,864
Loans & Advances	8	46,046,562	31,107,075
		276,312,097	221,634,017
Less: Current Liabilities & Provisions			
Liabilities	9	163,008,709	64,055,661
Provisions	10	-	415,327
		163,008,709	64,470,987
Net Current Assets		113,303,388	157,163,030
Misc. Expenditure		-	71,837
(To the extent not written off or adjusted)			
		631,126,684	399,640,839
Accounting Policies & Notes on Accounts	20		

Schedule 1 to 10 and notes in schedule 20 form part of Balance Sheet.
In terms of our Audit Report of even date

FOR KALANI & COMPANY
Chartered Accountants
FRN 00722C

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

(K.L. Jhanwar)
Partner
M. No. 14080

(G. S. KANDOI)
Chairman Cum Managing Director

(Manish Singhal)
Director

Place : JAIPUR
Date : 29.05.2010

(Vimal Tank)
Company Secretary

KG PETROCHEM LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

Particulars	Schedule No.	As at	
		31st March, 2010	31st March, 2009
INCOME :			
Income From Operations			
Turnover	11	625,478,268	562,401,636
Less: Excise Duty		<u>6,498,517</u>	<u>11,692,533</u>
Other Income	12	7,066,274	6,219,832
Accretion/(Decretion) to stock	13	18,419,662	7,140,279
		<u>644,465,687</u>	<u>564,069,214</u>
EXPENDITURE :			
Materials	14	394,783,209	317,685,512
Manufacturing Expenses	15	92,955,604	80,028,278
Payments to and Provisions for Employees	16	44,053,811	38,899,266
Administrative Expenses	17	11,450,829	10,336,766
Selling & Distribution Expenses	18	19,895,919	13,723,244
Financial Expenses	19	<u>13,316,519</u>	<u>15,743,064</u>
		576,455,891	476,416,130
Profit Before Extraordinary items		68,009,796	87,653,085
Extraordinary Items		12,600,000	-
Profit Before Depreciation and Tax		55,409,796	87,653,085
Depreciation		43,952,485	41,537,701
Profit Before Tax		11,457,311	46,115,384
Profit from Continuing operation before tax		14,205,113	47,732,954
Loss from discontinuing operation before tax		<u>(2,747,802)</u>	<u>(1,617,570)</u>
		11,457,311	46,115,384
Taxes on Income			
Current Tax		1,947,171	5,317,604
Deferred Tax		3,471,884	21,270,221
Fringe Benefit Tax		-	147,556
		<u>5,419,055</u>	<u>26,735,381</u>
Less: MAT credit entitlement		<u>3,815,505</u>	<u>-</u>
		1,603,550	26,735,381
(Included Prior Period for the year 2007-08 Rs. 19,03,184)			
Net Profit For The Year		9,853,761	19,380,003
Add : Balance Brought Forward		89,876,607	70,496,604
Balance Carried to Balance Sheet		99,730,368	89,876,607
Earning Per Share Basic & Diluted (Rs.)		1.89	3.71

Accounting Policies & Notes on Accounts 20

Schedule 11 to 19 and notes in schedule 20 form part of this Profit & Loss Account

FOR KALANI & COMPANY
Chartered Accountants
FRN 00722C

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

(K.L. Jhanwar)
Partner
M. No. 14080

(G. S. KANDOI)
Chairman Cum Managing Director

(Manish Singhal)
Director

Place : JAIPUR
Date : 29.05.2010

(Vimal Tank)
Company Secretary

KG PETROCHEM LIMITED



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

	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE-1: SHARE CAPITAL		
Authorised :		
70,00,000 Equity Shares of Rs.10/- each	<u>70,000,000</u>	<u>70,000,000</u>
Issued & Subscribed		
63,35,200 Equity shares of Rs.10/- each	<u>63,352,000</u>	<u>63,352,000</u>
Paid Up		
52,21,000 Equity Shares of Rs.10/-each	52,210,000	52,210,000
Forefeited Equity Shares (11,14,200 Equity Shares)	<u>5,942,500</u>	<u>5,942,500</u>
	<u>58,152,500</u>	<u>58,152,500</u>
SCHEDULE-2 RESERVES & SURPLUS		
General Reserve	3,646,600	3,500,000
Investment Allowance Utilized Reserve	-	146,600
Capital Reserve (Under TUF Scheme)	6,677,736	6,677,736
Profit & Loss A/c	<u>99,730,368</u>	<u>89,876,607</u>
	<u>110,054,704</u>	<u>100,200,943</u>
SCHEDULE-3: SECURED LOANS		
Term Loan: From Scheduled Bank		
i. Bank Of Baroda	123,300,000	156,500,000
ii. IDBI Bank	<u>191,676,140</u>	<u>-</u>
	<u>314,976,140</u>	<u>156,500,000</u>
Working Capital Loan From Bank		
Bank of Baroda		
i. Cash Credit Account	99,876,750	56,854,304
ii. FCNR Loan	19,220,724	-
IDBI Bank	1,113,794	8,907,424
ICICI Bank Ltd. (Bank OD)	-	(3,011,154)
HDFC Bank (Car Loan)	2,223,366	-
	<u>122,434,633</u>	<u>62,750,573</u>
	<u>437,410,773</u>	<u>219,250,573</u>

Securities

For Term Loans

The above term loans is secured by way of equitable mortgage in favour of Bank of Baroda and IDBI Bank 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 Mr. G. S. Kandoi and Mr. Manish Singhal, Directors of the company and Mrs. Prity Singhal, relative of Directors of Company.

For Working Capital Loans :

The working capital loans 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 Mr. G. S. Kandoi and Mr. Manish Singhal Directors of the company and Mrs. Prity Singhal, relative of directors of the Company.

For Car Loan

Car Loan from HDFC Bank Ltd secured by way of hypothecation of vehicle finance by HDFC Bank.

SCHEDULE-4 FIXED ASSETS **KG PETROCHEM LIMITED**

S.No. Description	[-----GROSS BLOCK-----] [-----DEPRECIATION-----] [-----NET BLOCK-----]										
	Opening balance As on 01.04.2009	Purchases Additions during the year	Sales/ Adjust ments during the year	Total Cost As At 31.03.2010	Up to 31.03.2009	for the period	Written back	Reversed	Up to 31.03.2010	As At 31.03.2010	As At 31.03.2009
1. Land	6,686,553	-	-	6,686,553	-	-	-	-	-	6,686,553	6,686,553
2 Factory Building	41,090,309	31,411,360	-	72,501,669	6,922,426	1,461,521	-	8,383,947	64,117,721	34,167,882	
3 Plant & Machinery	279,455,768	170,774,404	10,662,087	439,568,085	115,433,405	39,931,007	8,921,770	-	293,125,443	164,022,363	
4 Weighing Scale	87,814	-	-	87,814	49,593	4,171	-	-	34,050	38,221	
5 Misc. Fixed Assets	5,908,749	2,066,951	-	7,975,700	1,042,490	291,094	-	1,333,584	6,642,116	4,866,259	
6 Lab Equipment	902,524	291,455	-	1,193,979	185,792	43,915	-	229,707	964,272	716,732	
7 Elect. & Water Fitting	10,419,522	4,010,012	1,338,628	13,090,906	2,952,625	490,267	466,544	-	10,114,558	7,466,896	
8 DG Set	1,269,821	480,132	-	1,749,953	196,932	62,253	-	259,185	1,490,768	1,072,889	
9 Weighbridge	608,543	-	-	608,543	95,113	28,906	-	124,019	484,524	513,430	
10 Furniture & Fixtures	2,934,136	394,731	-	3,328,867	680,938	185,581	-	866,519	2,462,348	2,253,198	
11 Vehicles	2,195,448	3,085,208	213,160	5,067,496	833,669	307,465	202,502	31,997	4,160,861	1,361,779	
12 Office Equipment	945,282	128,346	-	1,073,628	248,901	50,242	-	299,143	774,485	696,381	
13 Computer	1,754,596	309,604	-	2,064,200	873,123	268,182	-	1,141,305	922,895	881,473	
14 Medical Equipments	8,065,995	-	-	8,065,995	3,082,582	381,219	-	3,463,801	4,602,193	4,983,412	
15 Franchise License Fee	1,500,000	-	1,500,000	-	1,159,598	143,292	1,302,890	-	-	340,402	
16 A. C. Equipments	229,072	-	-	229,072	58,864	7,274	-	66,138	162,933	170,207	
17 IT Equipments	1,294,782	-	-	1,294,782	1,135,438	94,604	-	1,230,043	64,739	159,343	
18 Interior	2,266,323	-	2,266,323	-	1,752,018	216,497	1,968,515	-	-	514,305	
19 Office Building	820,700	-	-	820,700	44,016	13,377	-	57,393	763,307	776,684	
20 Canteen Appliances	75,661	9,876	-	85,537	11,813	3,615	-	15,428	70,109	63,848	
TOTAL	368,511,596	212,962,079	15,980,197	565,493,478	136,759,339	43,984,482	12,862,221	31,997	397,643,875	231,752,257	
Capital Work in Progress	10,653,715	109,525,706	-	120,179,421	-	-	-	-	120,179,421	10,653,715	
GRAND TOTAL	379,165,311	322,487,785	15,980,197	685,672,899	136,759,339	43,984,482	12,862,221	31,997	517,823,297	242,405,972	
Previous Year (Rs.)	390,846,050	2,837,054	-	393,683,104	90,534,825	31,323,584	-	3,952,338	275,777,032	300,311,225	



KG PETROCHEM LIMITED



	As on 31st March, 2010	As on 31st March, 2009
SCHEDULE-5: INVENTORIES		
Raw Material	8,831,410	8,812,295
Stores & Spares	7,507,175	7,266,818
Dyes & Chemicals	7,040,632	6,162,041
Packing Material	1,596,701	1,137,294
Work In process	42,565,229	27,020,060
Finished Goods		
Bags	354,674	37,342
Towel	18,516,982	15,960,489
Scrap	199,596	198,928
	<u>86,612,399</u>	<u>66,595,267</u>
SCHEDULE-6: SUNDRY DEBTORS (UNSECURED)		
i. Exceeding Six Months	1,245,884	393,178
ii. Others	142,070,230	121,605,633
	<u>143,316,114</u>	<u>121,998,811</u>
Less: Provision fo Doubtful Debts	-	-
TOTAL	<u>143,316,114</u>	<u>121,998,811</u>
SCHEDULE-7: CASH & BANK BALANCES		
Cash on Hand	258,063	138,040
Bank Balance with Schedule Banks		
- In Current Account	78,959	533,862
- In Fixed Deposit Account	-	1,260,962
(Pledged with IDBI Bank as Margin agst.B/G)		
TOTAL	<u>337,022</u>	<u>1,932,864</u>
SCHEDULE-8: LOANS & ADVANCES		
(Unsecured-Considered Good)		
Advances recoverable in cash or in		
Kind or for value to be received :		
Loans to Employees & Workers	16,922,926	13,965,481
Securites Deposits With Govt. Deptt & Others	80,217	10,000
Prepaid Expenses	4,647,803	5,218,150
Mat Credit Entitlement	516,342	231,113
Income Tax Refundable	3,815,505	-
Advance FBT	1,374,839	1,403,304
Less: Provision for Current Tax (As Per Contra)	-	85,000
Advance Income Tax and TDS	3,896,341	4,964,834
Less: Provision for Current Tax (As Per Contra)	<u>1,947,171</u>	<u>4,964,834</u>
VAT Input Tax Credit	1,058,829	230,417
Accrued Intt. on NSC	2,868	2,868
Excise & Service Tax Balance	485,767	483,105
Interest Receivable Under TUF Scheme	9,161,990	6,487,248
RECEIVABLE AGAINST EXPORT		
Accrued Duty Drawback	6,030,307	3,075,390
TOTAL	<u>46,046,562</u>	<u>31,107,075</u>

KG PETROCHEM LIMITED



	As on 31.03.2010 (Rs. P.)	As on 31.03.2009 (Rs. P.)
SCHEDULE-9: CURRENT LIABILITIES		
Sundry Creditors		
For Goods		
-Micro, Small & Medium Enterprises*	236,222	33,322
-Others	26,191,858	15,345,247
For Expenses		
-Micro, Small & Medium Enterprises*	-	-
-Others	3,781,645	3,437,527
For Capital Goods		
-Micro, Small & Medium Enterprises*	-	-
-Others	85,970,619	2,885,649
Advance From customers	6,311,932	4,452,506
Statutory Liabilities	1,767,088	2,239,235
Outstanding Liabilities	20,131,670	4,798,034
Security Deposits	277,526	6,270
Other Current Accounts	18,340,150	30,857,870
TOTAL	163,008,709	64,055,661
* To the extent information received for status under the Micro, small and Medium Enterprises Development Act, 2006		
SCHEDULE-10: PROVISIONS		
Provision for Excise Duty on Finished Goods	-	-
Provision for Fringe Benefit Tax	-	147,556
Less: Advance Tax (As per Contra)	-	85,000
Provision For Income Tax :	1,947,171	5,317,604
Less: Advance Tax (As per Contra)	1,947,171	(4,964,834)
	-	352,771
		415,327
Schedule 1 to 20 Annexed to and forming integral part of the Accounts for the year ended on 31st March, 2010		
SCHEDULE-11: TURNOVER		
Bags	82,928,270	100,426,021
Terry Towels (Net)	510,922,291	430,276,094
Commission Income (Agency Division)	3,977,518	3,459,766
Consultancy Receipt	2,245,423	2,091,976
Job Income	1,284,607	5,339,008
Medicine Sales	-	2,412,836
	601,358,109	544,005,700
Add:- Duty Drawback	24,120,159	18,395,936
	625,478,268	562,401,636
SCHEDULE-12: OTHER INCOME		
Foreign Exchange Gain	3,487,909	2,876,658
Godown Rent	1,599,779	-
Incentive from Gail	-	48,790
Income from Forward Contract	-	1,729,726
Profit on Sales of Fixed Assts	1,134,227	1,316,901
Sales of Import License	625,826	-
Sampling Charges	-	169,580
Sundry Balance Written Back	167,053	78,177
Others	51,480	-
	7,066,274	6,219,832

KG PETROCHEM LIMITED



	As on 31.03.2010 (Rs. P.)	As on 31.03.2009 (Rs. P.)
SCHEDULE-13:- (ACCRETION / DECRETION IN STOCK)		
Closing Stock		
Bags	354,674	37,342
Towel	18,516,982	15,960,489
Work In process	42,565,229	27,020,060
Scrap	199,596	198,928
	61,636,481	43,216,819
Opening Stock		
Bags	37,342	42,248
Towel	15,960,489	8,246,885
Pharmacy	-	320,476
Work In process	27,020,060	27,212,105
Scrap	198,928	254,825
	43,216,819	36,076,540
Accretion in Stock	18,419,662	7,140,279
SCHEDULE-14: MATERIALS		
Raw Material Consumed		
Opening Stock	8,812,295	10,035,369
Add: Purchases	342,309,504	274,035,054
Freight	38,675	1,012,151
	351,160,474	285,082,574
Less: Closing Stock	8,831,410	8,812,295
	342,329,064	276,270,279
Dyes & Chemicals Consumed	52,312,095	41,415,233
Material For Sale	142,050	-
	394,783,209	317,685,512
SCHEDULE-15: MANUFACTURING EXPENSES		
Boiler Operating Expenses	403,000	330,000
Consumable Stores	10,805,973	8,483,913
Drawing Expenses	104,000	-
ETP Expenses	111,737	-
Freight & Cartage (Others)	1,454,487	1,126,148
Fuel (Husk, Petcoke, etc.)	22,760,950	18,642,127
Job Charges	8,353,578	5,618,349
Packing Material	9,409,859	8,303,076
Power & Fuel	31,776,772	31,340,698
Repairs & Maintenance of (Bldg)	344,419	660,699
Repairs & Maintenance of (P&M)	1,286,576	958,144
Stores & Spares	6,126,114	4,547,287
Water Charges	18,139	17,837
	92,955,604	80,028,278
SCHEDULE-16: PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Allowances & Bonus etc.	38,937,818	34,060,552
Workmen & Staff welfare Expenses	4,211,904	4,035,593
Contribution to Provident Funds and Other Funds	904,089	803,121
	44,053,811	38,899,266

KG PETROCHEM LIMITED



	As on 31.03.2010 (Rs. P.)	As on 31.03.2009 (Rs. P.)
SCHEDULE-17: ADMINISTRATIVE EXPENSES		
Payment to Auditors		
- As Auditor	80,000	20,000
- for other matters		
For Tax Audit	20,000	10,000
For Tax Consultancy	10,000	-
Books & Periodicals	11,678	33,727
Claim & Settlement	197,251	-
Consultancy & Diagnostic Expenses	657,529	1,248,503
Credit Rating Fee	158,548	200,000
Damaged /Expired Consumable	16,092	-
Director's Foreign Travelling Exp.	463,156	579,005
Directors' Remuneration	1,083,726	840,000
Director's Travelling Exp.	173,157	137,895
Donation	15,000	-
Electrification Written Off	820,901	-
Festival Expenses	46,554	-
Fire Fighting Expenses	34,097	31,325
Gardening Expenses	14,941	-
House Keeping Charges	45,903	70,947
Impairment Franchise Licence Fees	197,110	-
Income Tax Expenses	9,281	-
Insurance Expenses	814,150	560,214
Interior Written Off	297,808	-
ISO Audit Fees	8,000	5,333
Legal Charges	25,708	72,668
Licence Fee	130,690	106,325
Listing Fees	45,000	35,000
Membership Fees	49,000	61,100
Miscellaneous Expenses	184,262	88,484
Office Expenses	489,465	403,499
Postage & Telegrams	205,012	245,809
Preliminary Expenses Written Off	71,837	71,839
Printing & Stationary	326,884	347,597
Professional Expenses	424,259	323,443
Rent	1,745,143	1,726,200
Repairs & Maintenance (others)	162,617	200,293
ROC Filing Fees	9,000	7,155
Sales Tax	33,931	7,382
Security Charges	191,894	488,946
Service Charges (RIICO)	160,522	134,937
Service Tax	78,535	124,689
Share Transfer Agent's Fees	12,000	14,081
Telephone Expenses	608,186	617,159
Testing Fee	284,438	358,002
Travelling Expenses	387,553	463,375
Urban Development Tax	12,013	25,023
Vehicle Running & Maintenance	457,706	417,844
Water & Electricity Charges	180,292	258,967
	11,450,829	10,336,766

KG PETROCHEM LIMITED



	As on 31.03.2010 (Rs. P.)	As on 31.03.2009 (Rs. P.)
SCHEDULE-18: SELLING & DISTRIBUTION EXPENSES		
Advertisement & Publicity	94,571	91,914
Bad - Debts	1,266,012	1,472,549
Brokerage on Rent	267,000	-
Business Promotion	116,607	406,560
Clearing & Forwarding Charges	9,577,301	7,782,049
Collection Charges	6,000	7,273
Commission On sale	5,816,098	1,332,826
Exhibition Expenses	644,202	-
Excise Duty on Finished Goods	33,120	-
Freight (Outward)	468,220	521,971
Inspection Charges	46,700	24,621
Marketing Expenses	250,973	67,791
MOT Fees	28,890	40,770
Product Development	160,480	685,179
Rebate & Deductions	768,229	1,065,023
Sales Tax Expenses	4,785	-
Sample Charges	10,395	20,481
Service Tax (Reject)	336,336	204,237
TOTAL	19,895,919	13,723,244
SCHEDULE-19: FINANCIAL EXPENSES		
Interest on		
Term Loans	8,291,884	11,264,785
Bank & Others	7,404,735	9,323,345
	15,696,619	20,588,130
Less: Interest Income	3,851,844	5,979,800
	11,844,775	14,608,330
Bank Charges	1,471,744	1,134,734
	13,316,519	15,743,064



SCHEDULE-20: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) ACCOUNTING POLICIES

- 1) **System of Accounting and use of estimates**

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
- 2) **Fixed Assets**

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

Depreciation on fixed assets is provided for on straight line method in accordance with the provisions of section 205(2) (b) of the companies Act, 1956. Depreciation on additions/disposals during the year is provided on pro-rata basis.
- 4) **Valuation of Inventories :**

Inventories are valued at lower of cost or net realizable value. Cost is measured on first in first out basis.
- 5) **Turnover**

Turnovers are inclusive of excise duty, refund and other related realization but exclusive of value added tax charged. 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.
During the year export sale of Rs.103.32 Lacs (Previous Year Rs.27.28 Lacs) booked on the basis of removal of goods at invoice value however let export order date of the same was after 31st March 2010.
- 6) **Benefits receivable against export and its obligation**

Duty Drawback Scheme are accounted for in the year of export at FOB value
- 7) **Deferred Revenue Expenses**

Preliminary Expenses are amortized over a period of 5 years.
- 8) **Foreign Currency Transaction:**
 - (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
 - (ii) Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at the year end rates and those covered by forward contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction such difference having been recognized over the life of the contract. Foreign exchange financial instruments in hand at the year end are valued mark to market.
Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit & loss account.
- 9) **Employee retirement benefits:**

Company's contribution paid / payable during the year towards provident fund scheme and employee state insurance scheme are recognized in the profit & loss account. Leave encashment is accounted for on cash basis
- 10) **Taxes on Income**

Current tax is determined as the amount of tax payable to the Taxation Authorities in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets, on



timing differences being difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

In respect of unabsorbed depreciation / carry forward of losses under the tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty that future taxable income will be available against which such deferred tax assets can be realized.

Credit in respect of Minimum Alternative Tax under Income Tax Act 1961 (MAT Credit Entitlement) is recognized in accordance with guidance note issued by the Council of the Institute of Chartered Accountants of India.

11) Borrowing Cost

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

- 12) Except where stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.

(B) NOTES ON ACCOUNTS

- 1) Contingent liabilities not provided in respect of:
- a) Outstanding Bank Guarantee of Rs. 100.00 lacs (Previous year Rs. 105.84 lacs)
There is no reimbursement possible on account of contingent liabilities.
 - b) Disputed income tax demand of Rs. 2,05,340/- on a/c of penalties levies u/s 271(1) (c) of Income Tax Act, 1961 for A.Y 99-00 & 03-04 for which appeals are pending before Commission Appeals.
 - c) Disputed excise duty of Rs. 2,43,190/- for the period F.Y. 2001-02 to 2004-05 (Upto Feb.05) for which appeal is pending before CESTAT.
- 2) Export obligation against EPCG License Rs. 2379.84 lacs (Previous year Rs 160.23 lacs)
- 3) In terms of accounting policy no. 2 Borrowing cost Rs 41,41,986/- (Previous year Rs. NIL) and Salary and wages Rs. 17,60,328/- (Previous year Rs. NIL) incurred during the construction / installation of fixed assets have been capitalized.
- 4) Excise duty shown under the head expenditure represents the provision made for excise duty on closing stock of finished goods.
- 5) The receipt of capital subsidy for the processing machinery under the Technology Up gradation Fund Scheme (TUFS) 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 subject to fulfillment of conditions.
- 6) Disclosure as required by Accounting Standards:-**
- A. Accounting Standard 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the accounting standard are given below:
- a) **Defined Contribution Plan**
Employer's contribution to provident fund provided Rs. 8,32,016/- (Previous year 6,47,050/-) has been recognized as expenses for the year.
 - b) **Defined Benefit Plan**
No employees has rendered a service for a period of 5 years. No provision is required under Payment of Gratuity Act, 1972. Company has not made any rules for gratuity payable to employees other then covered by Payment of Gratuity Act 1972.



B. Segment Information

Information About Business Segment

As required by Accounting Standard- 17 on segment reporting

1. The company is collectively organized into two major business segments namely
Terry Towel Division
Woven Sacks Division

Segments have been identified and reported taking into account the nature of the product and services, the organization structure and internal financial reporting system.

2. Information based on primary segment (Business segment)

Particulars	Textile	Woven Sacks	Others	Total
Revenue:				
Sales/Income from Operation (net of duties)	5,363.27	764.30	62.23	6,189.80
Other Income	42.61	27.34	0.20	70.15
Increase/ Decrease in stock	199.78	(15.58)	-	184.20
Net Income from Operation	5,605.66	776.06	62.43	6,444.15
Interest Income	6.98	6.89	24.65	38.52
Total Income	5,612.64	782.95	87.08	6,482.67
Expenditure:				
Identifiable	4,819.99	763.74	43.64	5,627.37
Unallocated				
MD Remuneration	-	-	-	4.03
Interest expenses	-	-	-	171.68
Total Expenditure	4,819.99	763.74	43.64	5,803.08
Net Income before Tax, Extraordinary Items and Depreciation	792.65	19.21	43.44	679.59
Extraordinary Items	126.00	-	-	126.00
Depreciation	423.97	6.39	9.17	439.53
Prior Period Income	0.51	-	-	0.51
Net Income Before Tax	243.19	12.82	34.27	114.57
Taxation (Net)	-	-	-	16.04
Net Profit after Tax	-	-	-	98.54
Other Information				
Segmental Assets	7,281.88	415.65	186.18	7,883.71
Segmental Liabilities	1,226.82	239.90	163.37	1,630.09

Note:-There is only the export of product outside India, there is no geographical segment

C. Accounting Standard 18 - "Related party Disclosure"

The company has identified all the related parties as per details given below.

1. Relationship:

a) Associate Concerns

Chrome International Co. Ltd.(Relationship Ceased on 11.07.2009)



b) Key management Personnel and their enterprises

Shri G.S. Kandoi
Shri Manish Singhal

c) Relative of key Management Personnel and their enterprises where transaction have taken Place

Shri Vivek Singhal
Shri Vivek Singhal HUF
Shri Baldev das Gauri Shanker HUF
Smt. Savitri Kandoi
Smt. Ritu Singhal
Smt. Preety Singhal
Shri Bhavik Singhal
Shri Manish Singhal HUF
Miss Mantika Singhal
Chrome International Co. Ltd. (From 12.07.2009)

Note: Related party relationship is as identified by the company and relied upon by the Auditors

2. Transaction carried out with related parties referred in 1, in ordinary Course of business:

Nature of Transaction	Related Parties					
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above	
	2009-10*	2008-09	2009-10	2008-09	2009-10	2008-09
Sales						
Plastic Granules	--	-	--	--	1.63	--
Plant and Machinery	7.28	1.56	--	--	1.71	--
Textile Division	--	0.27	--	--	--	--
Goods Agency	57.46	4.14	--	--	48.19	--
Division						
Store and spares	--	--	--	--	2.40	--
Purchase						
PP/HDPE Fabric	139.76	13.05	--	--	590.44	--
PP/HDPE Tape	1.27	--	--	--	16.61	--
Packing material	--	0.56	--	--	--	--
JOB Income						
Fabric	-	22.25	--	--	--	--
Interest	-				0.15	
Expenses						
Rent	0.53	2.10	--	--	16.26	15.16
Remuneration	-	-	10.84	8.40	--	--
Interest	-	4.29	7.87	21.42	5.07	14.93
Salary	-	-	--	--	2.35	1.57
Water and electricity charges	0.15	0.60	--	--	0.45	--
Job Charges (Fabric)	3.04	1.92	--	--	--	--
Loan and Advances						
Amount Payable	--	--	116.95	220.28	71.45	88.30

* Reported for the Period of Relationship



D. Accounting standard 20: “Earning Per Share “

Required Disclosure are given below:

	Unit	2009-10	2008-09
a. Amount used as the numerator profit after tax, dividend on preference shares and tax thereon	Rs. In Lacs	98.54	193.80
b. Weighted average number of equity shares used As the denominator in computing basic Earning Per Share	Nos.	5221000	5221000
c. Nominal Value per share	Rs.	10	10
d. Earning per share			
- Basic	Rs.	1.89	3.71
- Diluted	Rs.	1.89	3.71

E. Accounting Standard 22 “ Taxes on Income”

Considering accounting procedure prescribed by the standard, the following amounts have been worked out and provided in books:

Major components of deferred tax balances

Particulars

(Rs. In Lacs)

Deferred tax liabilities

31st March, 2010

31st March, 2009

Difference between accounting and tax WDV

806.47

710.97

Net current deferred tax liability of Rs 34,71,884/- has been charged to Profit and Loss Account besides current tax Rs 19,47,171/- as per Income Tax Act, 1961.

F. Accounting Standard -24 “Discontinue Operation”

The Board of Director announced a plan to dispose off Company's Health Care Division, which is also a separate segment as per AS 17, Segment reporting. The Disposal is consistent with the Company's long term Strategy to focus its activities in the areas of Terry Towel manufacturing. As on 31st March 2010 the carrying amount the assets of Health Care Division was Rs. 5278442/- (Previous year Rs. 9336207/-) And its liability were Rs. 35500/- (Previous year Rs. 278365/-) are as follows, the Revenue and Expenses of Continuing and Discounting Operation are as follows

(Rs. in lacs)

Particulars	Continuing Operation		Discontinuing Operation		Total	
	2010	2009	2010	2009	2010	2009
Total Income	6,421.69	5584.01	22.45	44.00	6,444.14	5628.01
Total Expense (excluding depreciation & tax)	5,677.60	4508.37	40.76	46.37	5,718.37	4554.74
Interest Exp	171.68	196.73	--	0.0019	171.68	196.73
Depreciation	430.35	401.57	9.17	13.8	439.52	415.37
Profit Before Tax	142.05	477.34	(27.48)	(16.17)	114.57	461.17
Taxation	16.04	267.35	--	--	16.04	267.35
Profit (loss) after Tax	126.01	209.99	(27.48)	(16.17)	98.53	193.82

G. Accounting Standard 28- “Impairment of Assets”-

The company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.



H. Accounting Standard 29- "Provisions Contingent Liabilities and Contingent Assets"-

Rs. in lacs.

Sr. No.	Nature of Provision & Expected time of outflow	Provision outstanding at the beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed during the year	Provision outstanding at the end of the year
1.	Provision for Taxation	53,17,604/-	19,47,171/-	53,17,604/-	--	19,47,171/-
2.	Provision for FBT	1,47,556/-	--	1,47,556/-	--	--

During the year company has also converted its CC limit into FCNR loan, in this arrangement company have to pay 4,28,173.84\$ as on 02.07.2010. The exchange fluctuation on translation of the above loan have been credited to Profit & Loss account.

7 Financial and Derivatives Instruments

Company has entered into following foreign exchange financial instruments

- a) The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments on forecasted as transactions as approved by Board of Directors. The company does not use forward contracts for speculation purpose.
Outstanding forward exchange financial instruments entered into by the company.

(Rs. in Lacs)

As at	No. of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2010	13	17.00	789.69

- b) During the year company has incurred a loss of Rs 1,26,00,000/- in a foreign exchange it derivatives transaction .This item has been shown as Extraordinary item.

8 Details of Dues to Micro Enterprises and Small Enterprises

(Rs. in lacs)

	31st March 2010	31st March 2009
1 Principal amount and the interest due there On (to be shown Separately) remaining unpaid to any suppliers as at the end of the accounting year (No amount is due for more than 45 days)	2.36	-
2. The amount of interest paid by the buyer in terms of section 16 of the micro small and medium enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond appointed day during the accounting year.	-	-
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under micro small and medium enterprises Development Act, 2006.	-	-
4. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
5. The amount of Further interest remaining due and payable even in the succeeding year. Until such date when the interest due as above are actually paid to the small enterprises for the purpose of Disallowances as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-



- 9) Advance includes due from directors Rs. Nil (Previous Year Rs. Nil) with maximum debit balance Rs. 8,63,556/- (Previous year Rs. Nil) to Chairman & Managing Director and Whole Time Director.
- 10) Fixed monthly remuneration to the Chairman & Managing Directors has been paid within the limits specified in schedule XIII of the companies Act, 1956 Rs. 10.84 Lacs (previous year Rs. 8.40 Lacs).

11) Information in respect of :

	2009-10	2008-09
a) Licensed Capacity	NA	NA
b) Information in regard to Installed Capacity		

Item	Unit	Current Year 2009-10	Capacity Increased during the year	Previous Year 2008-09
		Installed Capacity		Installed Capacity
Polymer Extrusion	MT	--	--	3400
Tape	Plant	--	--	1
Fabric	Loom	--	--	46
Bags	Stitching Machine	15	--	30
Yarn Processed	MT	4500	1500	3000
Towel	Stitching Machine	66	21	45

b) Quantitative Details in respect of manufactured and other Goods

(in MT)

Goods	Opening Stock	Production	Purchase/ Transfer	sales/ Utilized	Closing Stock
Bags	0.47	856.54	--	853.29	3.72
	(0.56)	(916.44)	--	(916.53)	(0.47)
Scrap	15.83	27.11	--	28.39	14.55
	(10.68)	(94.52)	--	(89.38)	(15.82)
Fabric	15.21	--	845.51	856.55	4.17
	(21.586)	(910.915)	--	(917.294)	(15.21)
Tape	10.03	--	20.81	30.09	0.74
	(14.786)	(937.66)	--	(942.416)	(10.03)
Terry Towel	79.09	1844.95	--	1843.56	80.48
	(70.171)	(1598.230)	--	(1589.311)	(79.09)
Scrap	2.01	120.45	-	118.07	4.386
	(25.33)	(98.57)	-	(121.90)	(2.00)

12) (A) Quantitative Detail in respect of Raw material :-

(in MT)

Raw Material	Opening Stock	Purchase/ Transfer	Consumption*	Sales/ Issued for Job work	Closing Stock
Yarn	71.98	2450.40	2452.97	--	69.41
	(68.61)	(1975.23)	(1971.85)	--	(71.98)
PP/Mater batch	24.80	3.15	25.95	2.00	--
	(63.20)	(956.35)	(976.77)	(17.98)	(24.80)

* Includes material Consumed out of internal transfers/Job.



	2009-10	2008-09	(Rs. in Lacs)	
(B) Value of Imports on CIF basis:-				
(i) Spare parts	11.13	09.82		
(ii) Capital Goods	2104.49	27.45		
(C) Value of Raw Material, Components, & Spare Parts consumed				
	Rs. (Lacs)		Percentage(%)	
Raw Material				
(i) Imported	0.00 (Nil)	0.00	0.00	0.00
(ii) Indigenous	3423.29 (2762.71)		100.00	100.00
Spare Parts				
(i) Imported	11.14 (9.82)	18.24	18.24	19.55
(ii) Indigenous	49.93 (40.42)	81.76	81.76	80.45
(D) Expenses in Foreign Currency (in respect of)				
(i) Foreign Director Travelling	Rs. 4.67			(5.79)
(ii) Exhibition Exp.	Rs. 1.33			--
(iii) Commission	Rs. 33.85			--
(E) Earning in Foreign Currency (in respect of)				
Export of Goods on Fob Basic	Rs. 2964.78			(2065.11)

* Figure in Brackets related to the previous year

Signature to schedules 1 to 20 and Balance Sheet Abstract.

In terms of our Audit Report of even date:

FOR KALANI & COMPANY
Chartered Accountants
FRN 00722C

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

(K.L. Jhanwar)
Partner
M. No. 14080

(G. S. KANODI)
Chairman Cum Managing Director

(MANISH SINGHAL)
Director

Place : JAIPUR
Date : 29.05.2010

(Vimal Tank)
Company Secretary



BALANCE SHEET ABSTRACT AND COMPANYS GENERAL BUISNESS PROFILE

I. Registration Details
Registration Number 001999 State Code 17 Balance sheet Date 31.03.10

II. Capital raised during the year (Amount in Rupees In Thousands)
Public Issue Right Issue Bonus Issue Private Placement
Nil Nil Nil Nil

III. Position of mobilization and deployment of Funds (Amounts in Rupees in Thousand)
Total Liabilities 794135 Total Assets 794135

Sources of Funds:

Paid up Capital	58153	Share Application money	--
Reserve & Surplus	110055	Deferred Tax liability	25509
Secured Loan	437411	Unsecured loan	--

Application of Funds

Net Fixed Assets	517823	Investment	--
Net Current Assets	113303	Misc. Expenditure	--
Accumulated Losses	--		

IV. Performance of the Company (Amount in Rs Thousands)
Turnover 618980 Total Expenditure 607522
Profit before Tax 11458 Profit After Tax 9854
Earning per Share in Rs. Basic 1.89 Diluted --
Dividend Per Share in Rs.

V. Generic names of Three principal products/ Services of Company
Item Code No. (ITC Code) 39230000
Product Descriptions HDPE/PP Woven Sacks/ Fabric
Item Code No. (ITC Code) 63029100
Product Description Cotton Terry Towel

Signature to schedules 1 to 20 and Balance Sheet Abstract.

In terms of our Audit Report of even date:

FOR KALANI & COMPANY

Chartered Accountants
FRN 00722C

For & on behalf of the Board

FOR KG PETROCHEM LTD.

(K.L. Jhanwar)

Partner
M. No. 14080

(G. S. KANODI)

Chairman Cum Managing Director

(MANISH SINGHAL)

Director

Place : JAIPUR
Date : 29.05.2010

(Vimal Tank)
Company Secretary

KG PETROCHEM LIMITED



CASH FLOW STATEMENT FOR THE YEAR 2009-10

Particulars	Current Year 2009-10		Previous Year 2008-09	
	Detail	Amount	Detail	Amount
CASH FLOW FROM OPERATING ACTIVITIES	114.57		461.15	
Net Profit before tax as Per Profit & Loss A/c				
Adjusted for :-				
Preliminary Expenses	0.72		0.72	
Interest paid	171.68		207.51	
Interest received	(38.52)		(108.34)	
Rent Income	(16.00)		-	
Profit on Sale of Fixed Assets	(11.34)		(13.17)	
Depreciation	439.52		415.38	
Operating Profit before Working Capital Changes	660.64		963.25	
Adjusted for:-				
Increase in Current Liabilities	1,060.88		(34.79)	
(Increase) / Decrease in Loans and Advances	(49.22)		(14.49)	
(Increase) / Decrease in Inventory	(200.17)		(86.64)	
(Increase) / Decrease in Sundry Debtors	(213.17)		(179.38)	
Net Cash used in Operating Activities				
Before Extraordinary Items	1,258.95		647.95	
Less:- Extraordinary Items	(126.00)		-	
Cash Generated From Operations	1,132.95		647.95	
Less:- Taxes Paid	(30.99)	1,101.96	(52.03)	595.92
Net Cash Flow/(used) From Operating Activities				
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(2,129.62)		(8.30)	
Addition to CWIP	(1,095.26)		(106.54)	
Proceeds From Sales of Fixed Assets	42.52		46.34	
Rent Income	16.00	(3,166.36)	-	(68.50)
Net Cash Flow/(used) in Investing Activities				
CASH FLOW FROM FINANCING ACTIVITIES				
Procurement of Borrowings	14,904.91		-	
Repayment of Borrowings	(12,723.31)		(430.95)	
Interest received	38.52		108.34	
Interest paid	(171.68)	2,048.44	(207.51)	(530.12)
Net Cash Flow/(used) From Financing Activities				
Net Increase/(Decrease) in Cash and Cash Equivalent		(15.96)		(2.70)
Opening balance of Cash and Cash Equivalent		19.33		22.03
Closing balance of Cash and Cash Equivalent		3.37		19.33
NOTE : Cash and Cash Equivalent consists of following:-	Rs.		Rs.	
Cash on hand	2.58		1.38	
Balances with Banks	0.79		17.95	
	3.37		19.33	

In terms of our audit report of even date
FOR KALANI & COMPANY
Chartered Accountants
FRN 00722C

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

(K.L. Jhanwar)
Partner
M. No. 14080

(G. S. KANDOI)
Chairman Cum Managing Director

(Manish Singhal)
Director

Place : JAIPUR
Date : 29.05.2010

(Vimal Tank)
Company Secretary

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 Thirtieth Annual General Meeting of the Company to be held on Monday the 30th day of August 2010 and adjournment thereof.

As Witness my/our hand (s) this day of 2010

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 Thirtieth 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 Monday the 30th day of August 2010 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.

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