



ANNUAL REPORT 1996-97

Our Sacks have
packed
some big names of
the Cement industry

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>		



KG Petrochem Limited

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



Board of Directors	:	SHRI YATINDRA SINGH SHRI VIVEK SINGHAL Managing Director SHRI HARSHVARDHAN Nominee RIICO LTD. SHRI A. S. PATANI SHRI MANISH SINGHAL
Bankers	:	BANK OF BARCDA V.K.I. Area, Jaipur
Auditors	:	A.R. VIJAY & CO. Chartered Accountants Jaipur
Registered Office & Works	:	C-171, ROAD NO. 9J, V.K.I. AREA, JAIPUR - 302 013
Registrar & Shares Transfer Agent	:	OCTAL DATAMATICS (P) LTD. ✓ AR 11/10/96
Registered office	:	C-444, Bagree Market 71, B.R.B.B. Road Calcutta - 700 001
Investor Service Centre	:	421, Ganpati Plaza, M. I. Road, Jaipur - 302 001



NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of KG Petrochem Limited will be held on Saturday the 27th day of September, 1997 at 11.00 a.m. at the registered office of the company at C-171, Road No. 9 J, V.K.I. Area, Jaipur to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss for the year ended 31st March, 1997 and Balance Sheet as at that date, together with the report of Directors and Auditors thereon.
2. To appoint a director in place of shri A.S. Patani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors of the company to hold office for the period from conclusion of this meeting until conclusion of next annual general meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. Amendment of memorandum of association.

To consider and if thought fit to pass the following resolution as special resolution :

RESOLVED that pursuant to the provisions of section 17 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof and subject to the confirmation of registrar of companies, the object clause III (A) of the memorandum of association of the company be and is hereby altered in the following manner.

1. Intsert the following as sub clause 2 immediately after the existing sub clause 1 :

To carry on the business of the manufacturers, processors, importers, exporters, buyers, converters, sellers, printers and dealers in all types of polymers, plastic granules, plastic bottles, tarpaulins, covers, tubes sheets, cables, barrels, drums, tanks, PVC pipe and fitting, moulded luggage, self adhesive tapes, PVC insulation tapes, disposable syringes, cups and wares, PVC tiles, PVC windows and doors, profiles, synthetic marble and sanitary wares, polypacks, HDPE/PP tape, yarn, woven fabric/sack, jumbo bags, lino bags and related products, plastic moulded furnitures, cabinets, roof and wall panels, BOPP film, automobile and engineering component, articles, pipes and fittings.

2. Intsert the following as sub clause 3 immediately after the above sub clause 2 :

To carry on the business of the farmers, housekeepers, millers and gardeners, agriculturist and horticulturist and to grow, manufacture, process, grind, extract, buy, sell, refine, prepare-crush or otherwise deal in Gwar, Gwar gum, Gwar gum powder and its derivatives, wheat, rice, brans, pulses, spices, neem oil and other agricultural product and all kind of chemicals, derivatives and byproducts and ingredients thereof.

5. Amendment of Articles of Association.

To consider and if thought fit to pass the following resolution as special resolution :

RESOLVED that pursuant to the provisions of section 31 and other applicable provisions, if any of the Companies Act, 1956 or any Statutory modifications or reenactment thereof, the articles of association of the company be and is hereby amended to the extent and in the manner, detailed hereunder.



(a) The articles of associations of the company be and are hereby altered by inserting the following as article 5A after the existing article 5.

(5A) Power of company to purchase or resale its own shares :

Subject to the provisions of the Companies Act, 1956 as amended from time to time, and other applicable provisions of law of the time being in force permitting the company in this behalf, the board of directors may from time to time, and shall if so directed by a resolution passed by the company at a general meeting, purchases such quantity of the fully paid shares of the company whether or not they are redeemable, at such rate and on such terms as the board deem proper or as may be directed by the company and make payment(s) for such purchases and to keep them alive and/or sell from time to time such number (s) of the shares so purchased at such rate (s) and on such terms as the board may deem proper, in accordance with the provisions of the companies Act and any other law/rules and regulations as may be applicable from time to time.

(b) The articles of association of the company be and are hereby altered by inserting the following as article 12A after the existing article 12.

(12A) Power to issue share with non voting and disproportionate rights.

Notwithstanding anything contained in any other articles, but subject to provisions of Companies Act, 1956 or any statutory modification or re-enactment thereof, the company may from time to time and at any time issue to any person(s) as may deem proper shares whether Equity, Preference or any other class, or any other financial instruments or securities, by whatever name called, with non-voting rights to issue shares/instruments/securities carrying rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other shares or securities of the company, in accordance with the provisions of the Companies Act, and any other law/rules and regulations as may be applicable from time to time.

6. Buy back of Shares.

To consider and if thought fit to pass the following resolution as special resolution :

RESOLVED THAT subject to the provisions of the Companies Act, 1956 as amended from time to time or any re-enactment thereof permitting the company to buy back its own share, the board of directors of the company be and are hereby authorised to purchase from time to time such quantity or quantities of the shares of the company whether or not they are redeemable, at such rate(s) as may be thought fit by the board up to an amount not exceeding Rs. 2.0 Crores (Rupees Two Crores only) on such terms and conditions as the board may deem proper and make payment(s) for such purchases out of the funds from free reserve and share premium account or out of such funds as may be allowed under the law/rules and regulations and to keep them alive, cancel and/or resell from time to time such number (s) of the shares so purchased, at such rate (s) and on such terms as the board may deem fit and proper.

RESOLVED FURTHER THAT the board of directors of the company be and are hereby authorised to raise funds to the extent of Rs. 2.00 Crores in one or more tranches through issue/private placement of debentures/bonds or any other form of securities for the purpose of buy back of Companies securities on such terms and conditions as may be decided by the board of directors and permissible under the law.

[4]



RESOLVED FURTHER THAT the board of directors of the company pursuant to section 293 (1) (a) of the Companies Act, 1956 be and is hereby authorised to mortgage and /or charge and/or hypothecate all the present and/or future immovable or movable properties and the whole or substantially the whole of undertaking of the company in such manner as the board of directors may decide for the purpose of securing unto the agents and trustees for the holders of non convertible debentures or any debt instrument (s)/securities of the aggregate nominal face value not exceeding Rs. 2.00 Crores to be issuing, liquidated damages, remuneration or any other costs, charges and expenses of the Agents and Trustees for the holders of the said debentures/securities and other monies in terms of an agreement to be entered into between the company and said agents and trustees.

RESOLVED FURTHER THAT the Board of Directors of the company shall exercise the powers conferred by this resolution only after necessary provision for the purpose is incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provision or any other law or regulation and not otherwise.

7. Clubbing of Limits on Inter Corporate Loans/ Investments.

To consider and if thought fit to pass the following resolution as special resolution.

RESOLVED THAT subject to the provisions of the Companies Act, 1956 as amended from time to time or any re-enactment thereof and subject to the approval of the financial institutions, agents and trustees and other lender who have granted term loan to the company, wherever required, and any other approvals, if any, consent of the company be and is hereby accorded to the Board of Directors for investing in Equity/Preference Shares/Cumulative Convertible Preference Shares and/or Debentures or any other permissible securities of any kind of other bodies corporate, or to make loans or give guarantees or stands sureties from time to time to any body or bodies corporate, whether under the same management or not, sum or sum (s) if one or more trenches and upon such terms and conditions which the board may deem fit notwithstanding that such investment or such investment (s), loans or guarantees etc. together with the company (s) existing investments/loans or guarantees etc. In other bodies corporate, shall be in excess of the limits prescribed under the Companies Act, 1956 or any re-enactment thereof read with applicable rules as may be made in this regard subject to the condition that the amount so invested or loans/guarantees made at any time, shall not exceed Rs. 20 Crores in the aggregate in cash either at par or premium and on such terms and condition as the board may deem fit.

"RESOLVED FURTHER THAT this resolution will be effective from the date of enactment of Companies Bill 1997 or any other amendment to Companies Act, 1956 permitting such clubbing of limits on inter-corporate loans/investments.

8. Appointment of Sh. G.S. Kandoi relative of Director (s) :

To consider and if thought fit, to pass with or without modification (s), the following resolution as special Resolutions :

RESOLVED THAT pursuant to the provision of section 314 (1) and other applicable provision, if any, of the Companies Act, 1956, and any other approvals, if any required under other laws, consent of



the Company be and is hereby accorded to the appointment of Sh. G. S. Kandoi, a relative of Sh. Vivek Singhal, Managing Director & Sh. Manish Singhal, Technical Director of the Company, to hold an office or place of profit under the Company as Chief Executive or such other designation as the Management may decide from time to time on the remuneration of Rs. 20,000/- per month including perquisites w. e. f. 1.6.97.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts and things as, in its absolute discretion, it may consider necessary, expedient or desirable and in the best interest of the company.

By order of the Board of Directors

Place : JAIPUR

Vivek Singhal

A. S. Patani

Date : 4th August, 1997

Managing Director

Director

ANNEXURE TO THE NOTICE

NOTES :

1. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of business set out and annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The register of members and the Share Transfer Books of the company will remain close from 20th September, 1997 to 26th September, 1997 both days inclusive.
4. Members are requested to notify change of address, if any, to the company.
5. Members are requested to affix their signatures at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance of the place of meeting.
6. 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.

By order of the Board of Directors

Place : JAIPUR

Vivek Singhal

A. S. Patani

Date : 4th August, 1997

Managing Director

Director



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM No. 4**

The activities of the company are proposed to be diversified in order to broad-base and strengthen the company and to share with other companies the experience and know how acquired by the company over the years. To enable the company to provide such assistance and to enter into joint projects, the object clause III of the Memorandum of Association is proposed to be suitably modified. Your directors are also of the view that proposed additional object may conveniently and advantageously be combined with the existing business of the company.

None of the directors is interested in the resolution.

ITEM No. 5

Your Directors propose to make certain changes in the articles of association of the company in order to bring these in line with the draft companies bill 1997 under consideration of the Govt. It is proposed to amend certain clauses in the Articles of Association which are contrary to the proposed changes being suggested in the draft companies bill 1997. These would provide enabling authorisation to the members/ the board to implement the change as and when act comes into force. These propose changes would enable the company to avail the benefits of economic liberalisation and provide operational flexibility. Some of the provisions relating to buy back of shares, issue of different types of securities with non voting rights etc. Are proposed by way of amending or substituting the existing articles of associations/or by inserting new articles of accociations of the company. These changes would require your approval by way of special resolution set out at items no. 6 of the notice.

The above changes would become effective only from the date of enactment and enforcement of the change of provisions in the law.

None of the directors of the company is interested in the resolution.

ITEM No. 6

The draft companies bill 1997 allows buy back of shares or other specified securities by a company from out of its free reserves, securities premium account or the proceeds of prior issue made specifically for the purpose of buy-back of share subject to the following main conditions:-

1. The company has authorised such buy back by a special resolution passed by share holders.
2. The company shall after completion of buy back have a debt equity ratio as may be prescribed under the act.

The company has the option to buy back securities from the existing holders from the open market, from odd lots or through negotiation or other arrangement.

The company can either cancel the securities so bought back or may re-issue the securities after the



expiry of 24 months period.

In view of the above provision it is propose to take authorisation in the forth coming annual general meeting of Members in favour of the board in respect of the following two proposals.

1. Buy back of equity shares of the company upto the amount of Rs. 2.00 Crores either from the open market or through negotiation or other arrangement of any other permissible mode with the purpose of either canceling the securities or reissuing them in accordance with the rules.
2. To raise funds to the extent of Rs. 2.00 Crores through issue or private placement of debentures, bonds or any other form of securities for the specific purpose of buy back of securities.

The company would maintain the prescribed debt equity ratio after the buy back and would also complied with all other terms and conditions as applicable to buy back of securities.

The above changes would become effective only from the date of enactment and enforcement of the change provisions in law.

None of the directors of the company is interested in the resolution.

ITEM No. 7

The draft companies bill 1997 has provided a combined overall limit for both inter-corporate loans and investments. Accordingly the company is permitted to grant loans, give guarantees and make investments in bodies corporate upto 60 percent of its paid up share capital and free reserves or upto 100 percent of its free reserve which ever is more.

In view of propose amendment in companies act, it is propose to seek authorisation from the share holders in favour of board for combined limit of Rs. 20.00 Crores subject to 100 percent of companies free reserves for grant of loans, gurantees and for making investment in bodies corporate, effective from the date of enactment of the changed provision in law.

None of the directors of the company is interested in the resolution.

ITEM No. 8

Sh. G. S. Kandoi father of Sh. Vivek Singhal, Managing Director & Sh. Manish Singhal, Technical Director was appointed by the Board of directors at their meeting held on 27.05.97 as Chief Executive on a monthly salary of Rs. 20,000/- per month including perquisites w. e. f. 01.06.97. Being relative of Sh. Vivek Singhal and Sh. Manish Singhal, his appointment requires your approval under section 314 (1) of the Companies Act. 1956.

No other Directors except Sh. Vivek Singhal & Sh. Manish Singhal, being relatives of Sh. G. S. Kandoi, are interested in the resolution.



DIRECTORS' REPORT

Dear Shareholder,

Your directors have pleasure in presenting the 17th Annual Report together with Audited Accounts of the company for the year ended on 31st March, 1997.

(Rs. in Lacs)

FINANCIAL RESULTS :

	1996-97	1995-96
Sales/Income From Operations	1367.84	909.19
Other Income	2.98	4.36
Total Expenditure (Includes variation in Stock)	1228.48	780.04
Profit before Interest, Depreciation & Tax	142.34	133.51
Financial Expenses	53.01	55.67
Profit before Depreciation & Tax	89.33	77.84
Depreciation for the year	67.55	18.04
Provision for Taxation	2.81	--
Profit after Tax	18.97	59.80
Add : Profit & Loss brought forward	64.29	4.49
Balance Carried to Balance Sheet	83.26	64.29

OPERATIONS :

During the year under review the company has shown an impressive growth in the overall performance. Your directors are delighted to report that your company in the year 1996-97 has recorded turnover of Rs. 1367.84 lacs as compared to turnover of Rs. 909.19 lacs during the previous year resulting in an increase of 50% over the last year's turnover. During the year the company has utilised 68% of installed capacity (proportionate the expanded capacity to the utilised months) against estimation of 80% utilization. Due to the adverse market conditions and continuous operation of expended capacity only for two months, we have achieved net profit of Rs. 18.97 lacs. During the year under review the profit of the company was affected firstly due to public issue expenses of Rs. 32.97 lacs wholly written off in the year instead of 10% and secondly due to change in depreciation on plant and machinery from continuous process to triple shift from previous year resulting in extra depreciation charge of Rs. 14.84 lacs for the year 95-96 and Rs. 23.96 lacs for the current year thereby affecting the profit by Rs. 38.80 lacs on A/c of change in depreciation method. Due to above reasons, our profit has been affected by Rs. 68.47 lacs.



PROMISES vs PERFORMANCE :

As required by clause 43 of the listing agreement, the comparison of actual performance for the year 96-97 with the financial projections made in the prospectus 26.12.95 is furnished below :

(Rs. in Lacs)

	Projections	Actuals
Installed capacity (M.T.)	2950*	2650@
Capacity Utilisation (%)	80	68
Production (M.T.)	2360	1798.43
Sales	1810.59	1367.84
Gross Profit	308.34	175.31
Interest	70.89	53.01
Depreciation	60.08	67.55
Prel. Exp./Public Issue Exp.	3.68	32.97
Tax	19.89	2.81
PAT	153.80	18.97
Equity Capital	632.38	633.52
Reserve & Surplus	177.46	119.73
Dividend (%)	15.00	--
Dividend (Rs.)	94.86	--
EPS (Rs.)	2.43	00.30
Cash EPS (Rs.)	3.38	1.37
Book Value (Rs.)	12.81	11.07

* Represents the existing annual capacity of 1600 MT and 9 months of expansion capacity of 1800 MT.

@ Represents the existing annual capacity of 1600 MT and 7 months of expansion capacity of 1800 MT.

CURRENT OUTLOOK:

Company achieved sales of Rs. 457 lacs from April 97 to July 97 in four months in comparison of Rs. 399 lacs during same period last year. Similarly company hopes to achieve sales of Rs. 2000 lacs during current year in comparison to 1367.84 lacs in 96-97.