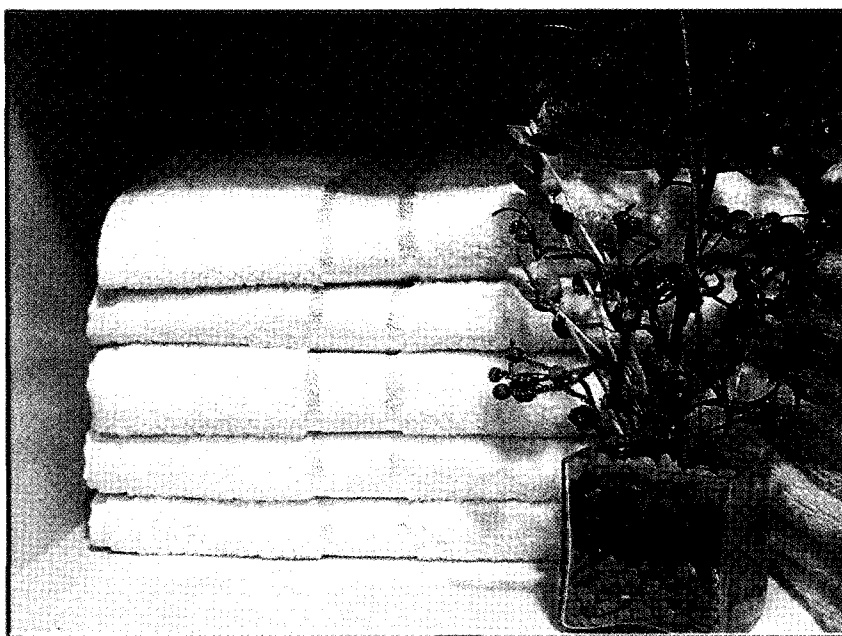




## **32<sup>nd</sup> ANNUAL REPORT 2011-2012**



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

# **KG PETROCHEM LIMITED**

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

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

**E-mail : [admin@bhavikterryfab.com](mailto:admin@bhavikterryfab.com) • Website : [www.bhavik.biz](http://www.bhavik.biz)**

### BOARD OF DIRECTORS

Mr. G.S. Kandoi : Chairman cum Managing Director  
 Mr. Manish Singhal : Executive Director  
 Mr. R. C. Maheswari : Whole Time Director  
 Mr. Nitin Jaipuria : Independent Director  
 Mr. Rameshwar Pareek : Independent Director  
 Mr. Amar Chand Gupta : Independent Director

### MANAGEMENT EXECUTIVE

Mr. Vimal Tank : Company Secretary & Compliance Officer

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### BANKER

BANK OF BARODA, VKI AREA, JAIPUR  
 STATE BANK OF BIKANER & JAIPUR, M.I ROAD, JAIPUR

### AUDITORS

M/S. KALANI & CO.  
 Chartered Accountants  
 Bapu Nagar, Jaipur-302015

### CORPORATE ADVISOR

MR. SANJAY KUMAR JAIN  
 Company Secretary inPractice,  
 504-A, Fifth Floor, Pink Tower,  
 Tonk Road, Jaipur-302015

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Niche Technologies Pvt. Ltd  
 D-511, Bagree Market, 71, B. R. B. Basu Road  
 Kolkatta – 700001

### DEPOSITORY PARTICIPANT

National Securities Depository Ltd.  
 Central Depository Services (India) Ltd

### LISTING

Bombay Stock Exchange Ltd, Mumbai

### WORKS

1. Plot No. SP-4/3, RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108
2. C-171, Road No.9 J, VKI Area, Jaipur 302013

## **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**

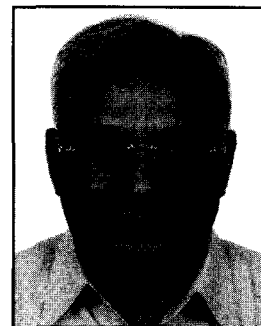
## **VALUE**

**Integrity - Never compromised**

## CHAIRMAN'S MESSAGE

Dear Fellow Shareowners,

My Colleagues on the Board and I extend warm welcome and express their gratitude to the all present here at this 32nd Annual General Meeting of your Company. The Audited Annual Accounts together with the Director's Report of the Company for the year 2011-12 and the Notice to the Shareholders have been in your hands for some time and with your permission I take them as read.



Looking at the market scenario and demand of terry garment, your company has decided to start up a new unit namely MANTIKA GARTEX at Jaipur, as woven sacks division has been closed. The unit will start commercial production from November 2012. The company continued its efforts in developing new market and acquiring new clients which lead to exponential growth in both domestic and export markets.

In view of current global economic growth slowing, growth level of India is likely to be impacted. Despite of challenging environment, KG PETROCHEM LIMITED (KGPL) performed reasonably well and grew its revenues. KGPL revenue from operation for the year ended 31st March 2012 was Rs.9704.62 lacs as against 7976.80 lacs in FY 2010-11, an increase of 21.66% on a year to year basis. KGPL also achieved its record level of exports (FOB) which were higher by 85.55% at Rs.4921.15 lacs as against Rs.2652.23 lacs FY 2010-11. Profit after tax was Rs.250.87 lacs as against Rs.98.07 lacs in previous year.

Textile Division: - During the year under review, it revenue from operations was Rs.8995.22 lacs including export (FOB) sales of Rs. 4921.15 lacs as against Rs.7239.57 lacs including export (FOB) of Rs.2652.23 Lacs in previous year, growth of 24.25%.

Agency Division: - The division has sold HDPE\LLDPE Granules 20911 MT amounting to Rs.17470 lacs in comparison of 16325 MT amounting to Rs. 12325 lacs and earned commission of Rs.85.51 lacs as compared to last year Rs. 68.68 lacs.

Woven Sacks Division - During the year under review, its revenue from operations was Rs.623.89 lacs only in comparison to previous year Rs.668.55 lacs. During current financial year the company has completely phased out from woven sack division to make room for new Garment Unit in the name & Style "Mantika Gartex".

Looking to overall financial position of your company it has earned cash profit of Rs. 1030.73 lacs.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our shareholders, who have reposed trust in us and extended their constant support.

With best wishes

**G.S. KANDOI**

Chairman

21st June, 2012

## **NOTICE**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of **KG PETROCHEM LIMITED** will be held on Wednesday, the 18<sup>th</sup> day of July, 2012 at 10.30 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, 2012 and Statement of Profit & Loss for the year ended on that date, together with the report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Amar Chand Gupta who retires by rotation in this annual general meeting and expressed his unwillingness for re- appointment.
3. To appoint Mr. Kamlesh Sharma, as a Director of the company whose period of office will be liable to retire by rotation.
4. 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. P.C Modi & 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:**

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

**Resolved that** in partial modification of the resolution passed and ratified by the share holders in Annual General Meeting held on 30.08.10 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. 2,00,000 Per Month** with effect from 01.04.2012 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** in partial modification of the resolution passed and ratified by the share holders in Annual General Meeting held on 30.08.10 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. 2,00,000 per month** with effect from 01.04.2012 and other terms and condition as approved in the meeting of Remuneration committee

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.**

**Resolved that** pursuant to section 314 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, the consent be and is here by accorded to the payment of the enhanced remuneration from **Rs 35,000/- per month to Rs.100,000/- per month**, to Smt. Prity Singhal, (Relatives of Shri Manish Singhal, Executive Director and Shri G.S Kandoi. Chairman cum Managing Director) Chief Executive Officer of the Mantika Gartex Proposed Unit of the company with effect from 01.04.2012 and other terms and condition as approved by Remuneration committee."

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as Special resolution.**

**"RESOLVED THAT** pursuant to provisions of section 198, 269, 309, 310 and 311 read with schedule XIII & all other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force, and subject to the approval of Central Government or

such other approval, as may be necessary Shri Gauri Shanker Kandoi , Chairman Cum Managing Director of the Company whose tenure of appointment is going to expire on 29<sup>th</sup> July, 2012 be and is hereby re-appointed as Chairman-cum- Managing Director of the Company for a further period of three years commencing from 30<sup>th</sup> July, 2012 to 29<sup>th</sup> July, 2015 as per gist of terms and conditions submitted to this meeting and for identification, signed by chairman hereof, which agreement, be and is hereby specially approved."

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

**9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.**

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310 and 311 read with schedule XIII & all other applicable provisions of the Companies Act, 1956 1956 including any statutory modification or re-enactment thereof for the time being in force, and subject to the approval of Central Government or such other approval, as may be necessary Shri Manish Singhal, Executive Director of the Company whose tenure of appointment is going to over on 29<sup>th</sup> July,2012 be and is hereby re-appointed as Executive Director of the Company for a further period of three years commencing from 30<sup>th</sup> July,2012 to 29<sup>th</sup> July,2015 as per gist of terms and conditions submitted to this meeting and for identification, signed by chairman hereof, which agreement, be and is hereby specially approved."

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

For & on behalf of the Board

Place: **JAIPUR**  
Date : **21st June, 2012**

(**G.S Kandoi**)  
**Chairman Cum Managing Director**

**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 13th July 2012 to 18th July, 2012 (both days inclusive).
3. Members are requested to notify change of address, if any, to the company.
4. Members are requested to put their signature at the space provided on the attendance slip annexed to the proxy form and handover the slip at the entrance of the place of the meeting.
5. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
6. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
7. As per the provisions of the Companies Act, 1956 facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination form can be obtained from the Registrar & Transfer Agent of the company.

For & on behalf of the Board

Place: **JAIPUR**  
Date : **21st June, 2012**

(**G.S Kandoi**)  
**Chairman Cum Managing Director**

**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS  
OF SECTION 173 OF THE COMPANIES ACT, 1956**

**Item No. 3**

The company has received notice under Section 257 of the Companies Act, 1956 from a member along with deposit of Rs. 500/- signifying the intention to Propose Mr. Kamlesh Sharma as Director of the company whose period of office will be liable to retire by rotation and accordingly the resolution was set out as item No. 3 of the accompanying notice for appointment of said director as liable to retire by rotation.

**Item No. 4**

The retiring auditors, namely M/s. Kalani & Co., Chartered Accountant have expressed their unwillingness to be re-appointed and that a special notice in terms of provisions of section 190 of the Companies Act, 1956 read with section 225 of the act has also been received from shareholders of the company for the appointment of new auditors M/S P.C Modi & Co., Chartered Accountants, Jaipur to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under Section 224(1B) of the Act.

Your directors are recommended the resolution for your approval.

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

**Item No. 5:**

As Mr. G.S Kandoi Chairman Cum Managing Director of the company is providing their valuable & admirable service to the company, further considering the inflationary trend and the substantially increase in the business activities of the company resulting the increase in the workload & Responsibilities of CMD and also the amount of remuneration payable to other similar position officials in other companies, the Remuneration Committee had decided to increase the remuneration of Mr. G.S Kandoi from Rupees One Lac to Rupees Two Lac per month w.e.f.01.04.2012 for the remaining period of his tenure of appointment. 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 Mr. G. S. Kandoi himself and Mr. Manish Singhal, being son of Mr. G. S. Kandoi is interested in the resolution.

**Item No. 6:**

As Mr. Manish Singhal Executive Director of the company is providing their valuable service to the company, further he having vast experience in the field of Management and Marketing provided their admirable service to the company and considering the inflationary trend and the substantially increase in the business activities of the company resulting the increase in the workload & responsibilities of Executive Director and also the amount of remuneration payable to other similar position officials in other companies, the Remuneration Committee had decided to increase the remuneration of Mr. Manish Singhal from Rupees One Lac to Rupees Two Lac per month w.e.f.01.04.2012 for the remaining period of his tenure of appointment. 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 Mr. Manish Singhal himself and Shri G. S. Kandoi, being father of Mr. Manish Singhal is interested in the resolution.

**Item No. 7:**

The Special resolution relates to payment of the enhanced remuneration of Rs. 100,000 per month to Smt. Prity Singhal, (Relatives of Shri Manish Singhal, Executive Director and Shri G.S Kandoi. Chairman cum Managing Director) Chief Executive officer of proposed unit of Mantika Gartex of the company with effect from 01.04.2012 and other terms and condition as approved by Remuneration committee.

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 Directors except Shri G.S Kandoi and Mr. Manish Singhal are concerned or interested in the said resolution.

**Item No. 8.**

As the tenure of Mr. G.S Kandoi, as Chairman and Managing Director of the Company is going to expire on 29th July, 2012. Therefore remuneration committee at its meeting held on 6th June, 2012 recommended re-appointment of Mr. G. S. Kandoi as Chairman Cum Managing Director for further period of three years effective from 30th July, 2012 to 29th July, 2015. On the terms and condition set out in the draft agreement, subject to the approval of the company by way of special resolution:-

**Period of appointment: 30th July, 2012 to 29th July, 2015**

**Remuneration:**

Salary: Rs. 2,00,000/- p.m. with suitable increases as may determined by the Board of Directors of the Company.

Perquisite, Allowance & others benefits:

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

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

**Category "A"**

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

- I Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to a Ceiling of sixty percent of the salary.  
In case the accommodation is owned or taken on lease by the Company, the company shall deduct ten percent of the salary of the appointee.
- II Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.
- III Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.
- IV Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.
- V Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.
- VI Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the company.

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

**Notes:**

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

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

**Category B**

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

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

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

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

**Category "C"**

Provision of car with Driver for use in Company's business and telephone at residence will not be considered as



perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the company.

#### **Minimum Remuneration**

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

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

**The board of directors recommends the passing of the resolution as set out as item no.8 of the accompanying notice for appointment of said director.**

**Further in accordance with the provisions of section 302 of the Companies Act, 1956, above said may kindly be treated as abstract of the terms of agreement as referred to above**

**No other director except Mr. G.S Kandoi, Chairman Cum Managing Director and Mr. Manish Singhal, Executive Director of the company are interested in this resolution.**

#### **Item No. 9**

**As the tenure of Mr. Manish Singhal, as Executive Director of the Company is going to expire on 29th July, 2012. Therefore remuneration committee at its meeting held on 06.06.2012 recommended re-appointment of Mr. Manish Singhal as Executive Director for further period of three years effective from 30th July, 2012 to 29th July, 2015. On the terms and condition set out in the draft agreement, subject to the approval of the company by way of special resolution:-**

#### **Remuneration:**

Salary: Rs.2,00,000/- p.m. with suitable increases as may determined by the Board of Directors of the Company.

#### **Perquisite, Allowance & others benefits:**

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

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

#### **Category "A"**

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

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

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

- II Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.
- III Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.
- IV Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.
- V Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees to be paid as per rules of the Company.
- VI Personal Medical/ Accident Insurance etc.: Coverage for Personal Medical/ Accident Insurance/ Keyman Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the company.

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

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

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

**Category B**

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

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

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

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

**Category "C"**

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

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

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

**Minimum Remuneration**

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

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

**The board of directors recommends the passing of the resolution as set out as item no. 9 of the accompanying notice for appointment of said director.**

**Further in accordance with the provisions of section 302 of the Companies Act, 1956, above said may kindly be treated as abstract of the terms of agreement as referred to above**

**No other director except Mr. G.S Kandoi, Chairman Cum Managing Director and Mr. Manish Singhal, Executive Director of the company are interested in this resolution.**

For & on behalf of the Board

Place: JAIPUR  
Date : 21st June, 2012

(G.S Kandoi)  
Chairman Cum Managing Director