



KANDOI GROUP

ANNUAL REPORT
2020-2021

KG PETROCHEM LIMITED

CIN: L24117RJ1980PLC001999

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Gauri Shanker Kandoi (DIN: 00120330)
Chairman cum Whole Time Director

Mr. Manish Singhal (DIN: 00120232)
Managing Director

Mrs. Prity Singhal (DIN: 02664482)
Whole Time Director

Mr. Kuldeep Sharma (DIN: 03475872)
Additional Executive Director

Mr. Kamlesh Sharma (DIN:00037588)
Independent Director

Mr. Jai Prakash Khandelwal (DIN: 08361188)
Independent Director

Mr. Bridhi Chand Sharma (DIN: 08370330)
Independent Director

Mr. Anand Mishra ((DIN : 00288257)
Additional Independent Director

STATUTORY AUDITORS

M/s R. SOGANI & ASSOCIATES
Chartered Accountants,
Shri Dham, R-20, Yudhishter Marg
C-Scheme, Jaipur-302005 RJ

SECRETARIAL AUDITOR

M/s ARMS & ASSOCIATES LLP
Practicing Company Secretaries
24 Ka 1, Jyoti Nagar, Jaipur-302005 RJ

REGISTRAR & SHARE TRANSFER AGENT

M/s NICHE TECHNOLOGIES PVT. LTD
Room No. 7A & 7B, 7th Floor
3A Auckland Place, Kolkata-700017 WB

BOARD COMMITTEES

Audit Committee

Mr. Jai Prakash Khandelwal (Chairperson)
Mr. Kamlesh Sharma
Mr. Bridhi Chand Sharma

Nomination & Remuneration Committee

Mr. Kamlesh Sharma (Chairperson)
Mr. Jai Prakash Khandelwal
Mr. Bridhi Chand Sharma

Stakeholders Relationship Committee

Mr. Bridhi Chand Sharma (Chairperson)
Mr. Gauri Shanker Kandoi
Mr. Manish Singhal

Corporate Social Responsibility Committee

Mr. Gauri Shanker Kandoi (Chairperson)
Mr. Manish Singhal
Mr. Bridhi Chand Sharma

Finance Committee

Mr. Gauri Shanker Kandoi (Chairperson)
Mr. Manish Singhal
Mr. Bridhi Chand Sharma

CHIEF FINANCIAL OFFICER

Mr. Shiv Ratan Sharma (till 26/08/2020)
Mr. Promod Kumar Sharma (26/08/2020-
29/10/2020)
Mr. Deepak Singhvi (From 12/11/2020)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Swati Singh (till 25/05/2020)
Ms. Akshita Pareek (07/07/2020- 26/02/2021)
Ms. Antima Madhani (23/03/2021-26/06/2021)
Mr. Kartik Sharma (From 20/08/2021)

DEPOSITORY PARTICIPANT

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

PRINCIPAL BANKERS



REGISTERED OFFICE

C-171, ROAD NO.9J,
VKI Area, Jaipur-302013,
Rajasthan

CORPORATE OFFICE

F- 394(G), Road No. 9F2
VKI Area, Jaipur-302013,
Rajasthan

WORKS

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

CONTENT

Content	Page
1. CHAIRMAN MESSAGE	
2. NOTICE OF 41 ST AGM	1-20
3. BOARD'S REPORT	21-37
4. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC.	38-39
5. SECRETARIAL AUDIT REPORT	40-43
6. ANNUAL REPORT ON CSR ACTIVITIES	44-46
7. CSR POLICY	47-53
8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT	54-58
9. REPORT ON CORPORATE GOVERNANCE	59-84
10. INDEPENDENT AUDITOR'S REPORT	85-102
11. BALANCE SHEET	103
12. STATEMENT OF PROFIT & LOSS	104
13. STATEMENT OF CHANGE IN EQUITY	105
14. CASH FLOW STATEMENT	106
15. SIGNIFICANT ACCOUNTING POLICIES	107-114
16. NOTES ON FINANCIAL ACCOUNTS	115-141

CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to share with you an update on your company's performance for 2020-21. I am presenting the 41st Annual Report of KG Petrochem Limited reflecting on our accomplishments during the financial year 2020-21.

Just a year ago when the World Health Organization (WHO) declared COVID-19 a pandemic and India imposed a strict lockdown in March 2020. Since then, many people lost their life and the life of survivals has been disrupted and lifestyles have been fundamentally altered. In India, some areas of activity, especially contact intensive ones, have been deeply scarred. In factory-based manufacturing and institutionalized services, there has been considerable adaptation to pandemic protocols, enabling normalization of work processes quicker than in other sectors.

As far as India's merchandise exports in March 2021 were valued at USD 34.0 billion, as compared to USD 21.49 billion in March 2020, an increase of 58.23%.

As per the Ministry of Commerce, Cotton Textile exports reached a level of USD 1,104 million in March 2021 marking a growth of 55.67 per cent against the corresponding month of March 2020, wherein exports were valued at USD 709 million. Exports of cotton textiles during the period April 2020– March 2021 have shown a decline of 2.12% reaching a level of USD 9.81 billion over the previous year with exports of USD 10.02 billion during the period April – March 2020. The decline of 2.12% is mainly because of steep fall in April/ May. It may also be noted that exports of cotton textiles have shown positive growth from June 2020 onwards till March 2021.

However second wave also impacted the business. The major issues faced were supply interruption of raw material, availability of labour, high inflation rate, high shipping/transportation cost which resulted into slight decline in numbers as compared to the last year.

Some Key Features on Company's Data:

- Total Revenue from Operation includes other income has decreased from Rs. 33,866.76 Lakhs to Rs. 30,626.14 Lakhs i.e. 9.57% decline that of the previous year.
- Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 14.34%
- Profit before tax (PBT) before exceptional items down by 17.48%
- Profit after tax (PAT) down by 10.27%.

Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 14.34% due to announcement of new scheme RODTEP by Central Government of India replacing erstwhile scheme of ROSCTL w.e.f. 1st January 2021. As the rates of RODTEP were not announced till that date the income of Rs. 820 Lakhs considering the old ROSCTL Rates were not recognized for 4th quarter ended March 31, 2021. However, the Government has notified on 13th August 2021 to restore the ROSCTL scheme for textile Industry till 31st March'2024.

In this scenario our aim is to ensure that the employees feel supported and valued. In times like these, it is important to come together and to value health over everything else. With the second wave of COVID-19, we continue to stand in solidarity with every member to ensure their mental, physical and financial well-being, as they navigate through these challenging times. The COVID Care Measures we initiated have been done so keeping in mind the health requirements of our employees and society. We set up various facilities such as a vaccination drive (Vaccination for Employees followed with Health check portal called "Team-20"), Medical KIT for prevention and control and donated other facilities like Oxygen Concentrator, Medical Equipment-IV Fluid Stand and Stools, Music System, (To overcome trauma of COVID Patient) .

On this note, I would like to express my sincere thanks to our Board Members for their unwavering support and guidance in these difficult times. I would also like to express my gratitude, towards the cooperation and assistance extended by the Central Government, Government of Rajasthan, Financial Institution(s), Bank(s), Dealers and Society at large. Further wants to thank all the shareholders, customers and vendors around the world for their continued trust in **KGPL**. And last but not the least, my heartfelt thanks to all our members, whose dedication and passion remain the biggest driver of the Company's vision and strategic goals. Best wishes for the year ahead. Stay safe!

I extend my sincere thanks to all our stakeholders including lending banks, shareholders, customers and our loyal, hardworking and committed employees for their unstinted support in shaping and improving the performance of the Company and for inspiring us even in the turbulent time in the recent past.

With warm regards,

Gauri Shanker Kandoi

Chairman & Wholetime Director

DIN: 00120330

NOTICE OF 41ST ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting (AGM) of the Members of **KG Petrochem Limited** will be held on Monday, September 27, 2021 at 12.30 P.M. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To consider and adopt the Audited Financial Statements of the company for the financial year ended March 31, 2021 together with the report of the Board of Directors and Auditors thereon.

2. Re-appointment of Mr. Manish Singhal as a Director, liable to retire by rotation

To appoint a Director in place of Mr. Manish Singhal (DIN: 00120232), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To appoint Mr. Kuldeep Sharma as Director of the Company

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

“RESOLVED THAT pursuant to the provisions of section 152 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification thereto or re-enactment thereof for the time being in force, Mr. Kuldeep Sharma (DIN: 03475872) who was appointed by the Board of Directors as an Additional Director (Executive Director) of the Company with effect from February 13, 2021 by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of section 161 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the Article of Association and pursuant to the recommendation of Nomination & Remuneration Committee and the Board of Directors and been eligible, offer himself for appointment, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying his intention to propose Mr. Kuldeep Sharma candidature for the office of the Director, be and is hereby appointed as a Executive Director of the Company who will be liable to retire by rotation.”

4. To appoint Mr. Anand Mishra as an Independent Director of the company

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

“RESOLVED THAT in accordance with the provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (herein after referred to as the ‘Act’), the rules made there under read with Schedule IV to the Act and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, (hereinafter referred to as the 'Listing Regulations') and amendments thereto (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Anand Mishra (DIN 00288257) who was appointed by the Board of Directors as an Additional Director (Non-Executive, Independent Director) of the Company with effect from February 13, 2021 by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of section 161 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the Article of Association and pursuant to the recommendation of Nomination & Remuneration Committee and the Board of Directors and been eligible, offer himself for appointment, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying his intention to propose Mr. Anand Mishra's candidature for the office of the Director, be and is hereby appointed as a Non-Executive, Independent Director of the Company, not liable to retire by rotation, for a period of 5 (five) consecutive years with effect from February 13, 2021 to February 12, 2026."

5. To appoint and re-designate Mr. Kuldeep Sharma as Whole Time Director of the Company

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendation of Nomination & Remuneration Committee and the Board of Directors consent of the company be and is hereby accorded to appoint and re-designate Mr. Kuldeep Sharma (DIN: 03475872) as Whole-Time Director of the Company, for a period of 3 (Three) consecutive years with effect from September 28, 2021 to September 27, 2024 with the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting with liberty to the Board of Directors (including Committee) to alter and vary the terms and conditions of the said re-appointment /remuneration in such manner as deemed fit necessary."

6. Continuation of Directorship of Mr. Bridhi Chand Sharma, Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018 (including any statutory modification(s) / amendment(s) / re-enactment(s) thereto), Mr. Bridhi Chand Sharma (DIN: 08370330) Non-Executive, Independent Director of the Company who was appointed as Non-Executive, Independent Director from February 26, 2019 up to February 25, 2024 be continued as Non-Executive, Independent Director of the Company for the remaining tenure even after he has attained the age of 75 years during the said tenure."

7. Authorization Under Section 186 of the Companies Act, 2013

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

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force), if any, consent of the members of the Company be and is hereby accorded to the Board of Directors (*hereinafter which term shall include a Committee of Directors constituted or to be constituted for this purpose including any person or persons who may be authorized by the Board*),:

- (a) Make investment and acquire by way of subscription, purchase or otherwise, securities of any other body corporate(s)
- (b) Give loan to any person(s) or other body corporate(s)
- (c) give any guarantee or provide security in connection with a loan to any other person(s) or other body corporate(s),

from time to time in one or more tranches as the Board may deem fit as in their absolute discretion deem beneficial and in the interest of the Company, to the extent of and not exceeding Rs.50,00,00,000 (Rupees Fifty Crores Only), outstanding at any time, irrespective of the aggregate of such outstanding loans given or to be given, guarantees, security provided and investment are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.”

**By the order of the Board
for KG Petrochem Limited
SD/-**

Kartik Sharma

Company Secretary & Compliance Officer

M. No.: A64432

Date: August 20, 2021

Place: Jaipur

Registered Office:

C-171, Road No.9], V.K.I. Area, Jaipur-302013 Rajasthan India

Tel.: 91-141-2331231; Email: jproffice21@Bhavik.Biz; Website: www.kgpetro.in;

CIN: L24117RJ1980PLC001999

NOTES

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms and pursuant to the circular no. 14/2020 dated April 08, 2020, circular no.17/2020 dated April 13, 2020 issued by the ministry of corporate affairs ("MCA") followed by circular no. 20/2020 dated May 05, 2020 and circular no. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time (collectively referred to as "MCA circulars"), the MCA has permitted the holding of the annual general meeting ("AGM") through video conferencing ("VC") / other audio visual means ("OAVM"), without the physical presence of the shareholders at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA circulars, the AGM of the company is being held through VC / OAVM. The deemed venue for the AGM shall be the registered office of the company.
2. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 02/2021 dated January 13, 2021.
3. The explanatory statement pursuant to section 102(1) of the Act, which sets out details relating to special business to be transacted at this AGM, is annexed hereto.
4. In terms of the provisions of section 152 of the Act, Mr. Manish Singhal Director, retires by rotation at this AGM. The Nomination & Remuneration Committee (NRC) and the Board of Directors (the board) of the company have recommended their reappointments. Mr. Manish Singhal is interested (to the extent of the appointment) in the Ordinary Resolutions set out at item no.2 of the Notice of the 41st AGM ("notice"). Mr. Gauri Shanker Kandoi and Mrs. Prity Singhal, Directors, being relatives may be deemed to be interested (to the extent of the appointment) in the resolutions set out at item no.2 of the notice. The other relatives of Mr. Manish Singhal may be deemed to be interested in the resolutions set out at item no.2 of the notice, to the extent of their shareholding interest, if any, in the company. Save and except the above, none of the directors/ key managerial personnel of the company/ their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their shareholding interest, if any, in the ordinary business set out at item nos. 2 of the notice.
5. Pursuant to regulations 26(4) and 36(3) of the Listing Regulations and the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, the relevant details of Directors seeking Appointments or Reappointment at this AGM are also annexed to this notice.
6. Pursuant to the provisions of the Act, a shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a shareholder of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of shareholders has been dispensed with. Accordingly,

the facility for appointment of proxies by the shareholders will not be available for the AGM and hence the proxy form and attendance slip are not annexed to this notice.

7. Since the AGM will be held through VC/OAVM, the route map of the venue of the AGM is not annexed hereto.
8. In case of joint holders, the shareholder whose name appears as the first holder in the order of names as per the register of members of the company will be entitled to vote at the AGM.
9. Shareholders, seeking any information with regard to the accounts of the company or any matter to be placed at the AGM, are requested to write to the company secretary of the company at an early date so as to enable the management to keep the information ready at the AGM.
10. Non-resident Indian shareholders are requested to immediately inform their depository participant (in case shares are held in demat form) or the company's RTA (i.e. M/s. Niche Technologies Private Limited, Kolkata) (in case shares are held in physical form), as the case may be, about:
 - i. the change in the residential status on return to India for permanent settlement.
 - ii. the particulars of the NRE account with a bank in India, if not furnished earlier.
11. SEBI has mandated the submission of the permanent account number (PAN) by every participant in the securities market. Shareholders holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Shareholders holding shares in physical form are required to submit their PAN details to the RTA of the company.
12. Shareholders, whose shareholding is in electronic mode, are requested to notify about change of address and updates about bank account details to their respective depository participants(s) (DP), directly. Shareholders, who hold shares in physical form, are requested to notify such changes to the company's RTA.
13. As per the provisions of section 72 of the Act, the facility for making nomination is available for the shareholders in respect of the shares held by them. Shareholders, who have not yet registered their nomination, are requested to register the same by submitting Form No.SH-13. Shareholders are requested to submit these details to their DP, in case the shares are held by them in electronic form, and to the company's RTA, in case the shares are held in physical form.
14. As per regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, shareholders holding shares in physical form are requested to consider converting their holdings to dematerialized form. Shareholders can contact the company or company's RTA for assistance in this regard.