



# KG Petrochem Limited

**Corporate Office :** F-394 (G), Road No. 9F2, V.K.I.Area, JAIPUR - 13 INDIA  
Phone : (O) 0141 - 2331231, 4106800 • Fax : 91-141-2332845  
E-mail : manish@bhavik.biz • Website : www.kgpetro.in  
CIN : L24117RJ1980PLC001999

Dated: 29/08/2020

KGPL/20-21/

General Manager  
Bombay Stock Exchange Limited  
Phiroze jeejeebhoy Towers  
Dalal Street  
Mumbai- 400001

Subject: Annual Report along with notice of 40<sup>th</sup> Annual General Meeting of the members of the Company.

Dear Sir/ Madam,

This is to inform you that the 40<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Monday, September 21, 2020 at 11:30 A.M. through Video Conferencing. In this regard, please find enclosed Annual Report along with notice of 40<sup>th</sup> Annual General Meeting.

You are requested to take on record the same

Yours Sincerely

For KG Petrochem Ltd.



Akshita Pareek

Company Secretary & Compliance officer  
M. No. 53435



## **ANNUAL REPORT 2019-20**

# **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. KAMLESH SHARMA (DIN:00037588)**

Independent Director

**MR. JAI PRAKASH KHANDELWAL (DIN: 08361188)**

Independent Director

**MR. BRIDHI CHAND SHARMA (DIN: 08370330)**

Independent Director

### **STATUTORY AUDITORS**

M/s R. SOGANI & ASSOCIATES

Chartered Accountants,

Shri Dham, R-20, Yudhishter Marg

C-Scheme, Jaipur-302005

### **SECRETARIAL AUDITOR**

M/s ARMS & ASSOCIATES LLP

Company Secretary in Practice

24 Ka 1, Jyoti Nagar, Jaipur-302005

### **REGISTRAR & SHARE TRANSFER AGENT**

M/s NICHE TECHNOLOGIES PVT. LTD

Room No. 7A & 7B, 7th Floor

3A Auckland Place, Kolkata-700017

### **DEPOSITORY PARTICIPANT**

National Securities Depository Ltd.

Central Depository Services (India) Ltd

### **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. PRAMOD KUMAR SHARMA from 26.08.2020

#### **COMPANY SECRETARY & COMPLIANCE OFFICER**

CS NEETU SHARMA (12.10.2018 - 30.10.2019)

CS SWATI SINGH (14.02.2020 - 25.05.2020)

CS AKSHITA PAREEK (FROM 07.07.2020)

### **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**

- **Bhavik Terryfab** (A unit of KG Petrochem Ltd), Plot No. SP-4/3, RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108 Rajasthan
- **Ultra Polycoats** (A unit of KG Petrochem Ltd), Plot No. SP-4/3A, RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108, Rajasthan
- **Anusha Techfab** (A unit of KG Petrochem Ltd), SP 3-5(B), RIICO Industrial Area, Village & Post Keswana, Tehsil Kotputli, District Jaipur-303108 Rajasthan
- **Bhavik Terryfab, Unit-II**, (A unit of KG Petrochem Ltd) F-276, Road No 13, VKI Area, Jaipur -302013, (Rajasthan)
- **Mantika Gartex** (A unit of KG Petrochem Ltd), C-171, Road No.9J, VKI Area, Jaipur- 302013 Rajasthan.

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## **CHAIRMAN'S MESSAGE**

Dear Shareholders,

I am pleased to share with you an update on your company's performance for the Financial Year 2019-20. Here I am presenting the 40th Annual Report of K G Petrochem Limited reflecting our accomplishments during the financial year 2019-20.

Your Company performed well throughout the financial year 2019-20 but a slower growth rate was recorded in the last quarter due to COVID -19 pandemic in March 2020. The novel coronavirus has affected not just human health but severely impacted business and the society at large. Against, this backdrop, your company has delivered competitive, profitable and responsible growth.

Your Board has also contributed a sum of Rs. 11.00 Lacs (Rupees Eleven Lacs Only) to CM Care Fund and inter-alia as a gesture to support the government in fighting against COVID-19.

As far as Indian economy is concerned, well before the onset of the COVID-19 pandemic, India's GDP growth had begun to slow down. Several multilateral agencies, including the World Bank and the International Monetary Fund have drastically cut India's GDP Growth forecast for Financial Year 2020-21. Consider the data on real GDP growth. It was 7.2% in FY 2018. It then decreased to 6.1% in FY2019. Now, it seems to have fallen to 4.2% in FY2020 — driven by a mere 3.1% growth in January-March 2020, with the COVID-19 national lockdown wiping out all economic activity in the end of March 2020.

Further, as far as our textile industry growth is concerned the global home textile market is currently valued at US\$ 50 Billion, largely dominated by Asian players with India and China having a market share of 11% and 35% respectively. With strong improvement in overall macro indicators, the global home textile market is expected to reach US\$ 67 Billion in 2020-21. The Indian Textile Industry has an overwhelming presence in the economic life of the country. India is the third largest home textile market in the Asia-Pacific region. The US\$ 4.7 billion Indian Textile Industry is likely to become a US\$ 8.2 billion by 2021.

The Indian Textile Industry continued to reel under pressure on account of increased cost and decreased profitability. However due to well anticipated policy changes which resulted in the Company's Top line as well as bottom line yet gain touching a new height. Your company is one of the leading manufacturers of the Terry Towel because of quality product. A fully computerized system maintains uniformity of quality, strength, colors, printing and any other customer specification

Here are some key data

- Total Gross Income is Rs. 33,755.24 Lacs — an increase of 31.52% from that of the previous year, which is the Company's highest turnover ever.
- Operating earnings before interest, tax, depreciation and amortization (EBITDA) increased by 33.75% to Rs. 5,226.03 Lacs — which is also your Company's highest ever.
- Profit before tax (PBT) before exceptional items is Rs. 2,602.59 Lacs.
- Profit after Tax Rs. 1,747.09 Lacs, which is K G Petrochem Limited's highest PAT in history.
- During this year in Ultra Polycoats; our artificial leather division started production with second coating line. The Revenue from Operation of the Coated Fabric (Net) increased to Rs. 3,777.85 Lacs compare to Rs. 1,905.06 Lacs from the previous financial year.

I strongly believe that the cordial relation between the management and employee can take the organization to newer heights. I recognize the genuine efforts of the employees at all levels during the time of pandemic scenario. I sincerely thank the board members and all employees for believing in organization goal and objectives, and for creating such a positive and productive workplace by establishing respectful and amicable relationship. I always had faith on our employees in doing productive work that eventually benefited the organization. I take pride to represent them and work together with them to ensure higher growth for the company in the coming years.

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 cum Whole-Time Director  
DIN: 00120330

Place Jaipur  
Date: 26.08.2020

## NOTICE

### K G Petrochem Limited

CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No.9J, V.K.I. Area, Jaipur Rajasthan-302013

Email: [jproffice21@bhavik.biz](mailto:jproffice21@bhavik.biz) Website: [www.kgpetro.in](http://www.kgpetro.in)

## NOTICE

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of **K G PETROCHEM LIMITED** will be held on **Monday, 21<sup>st</sup> September, 2020 at 11.30 A.M** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

### **ORDINARY BUSINESS:**

1. **To Consider and adopt the Audited Standalone Financial Statement of the Company for the year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon**

**“RESOLVED THAT** the Audited Balance Sheet as on 31st March 2020, Statement of Profit & Loss and the Cash Flow statement for the financial year ended on 31st March, 2020 and the Reports of the Board of Directors and the Auditors thereon, be and are hereby approved and adopted.”

2. **To appoint Director in place of Mrs. Prity Singhal (DIN: 02664482), who retire by rotation at this Annual General Meeting and being eligible, offer herself for re-appointment.**

**“RESOLVED THAT Mrs. Prity Singhal (DIN: 02664482)** Whole Time Director of the Company, who retires by rotation at this meeting pursuant to the provisions of section 152(6) (c) of the Companies Act 2013, being eligible for reappointment, be and is hereby appointed as a Whole time Director of the Company.”

### **SPECIAL BUSINESS:**

3. **To consider and approve the appointment, re-designation of Shri. Gauri Shanker Kandoi (DIN 00120330), Chairman cum Whole-Time Director of the company 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 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) 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), on the recommendation of the Nomination and Remuneration Committee, and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approvals, consent of the company be and is hereby accorded to approve the appointment and re-designate Shri Gauri Shanker Kandoi (DIN 00120330) as Chairman cum Whole-Time Director of the Company with effect from 1st August, 2020 to 31st July, 2023 with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said reappointment as it may deem fit.

<b>Nature of Duties</b>	The Whole-Time Director shall, devote his whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company.
<b>Salary inclusive of all allowances</b>	Rs.20,00,000/- per month or as may be decided by the board of directors but not more than 20,00,000/- p.m.
<b>Perquisites in addition to salary</b>	<p>1. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation addition to salary 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.</p> <p>2. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.</p> <p>3. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.</p> <p>4. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.</p> <p>5. 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.</p> <p>6. 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.</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>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.</p>
<b>Retirement Benefits</b>	<p>1. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall 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.</p> <p>2. Gratuity payable shall be in accordance with the rule of the</p>



	<p>company.</p> <p>3. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be en-cashable of leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p>
<b>Other benefits</b>	<p>1. 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.</p> <p>2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.</p> <p>3. 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.</p>
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure of the Whole Time 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 Sections 198 and all other applicable provisions of the Companies Act, 2013

4. To Consider the re-appointment of Mrs. Prity Singhal (DIN: 02664482), Whole-Time Director of the company 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 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), on the recommendation of the Nomination and Remuneration Committee, and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approvals, consent of the company be and is hereby accorded to re-appoint Mrs. Prity Singhal (DIN:02664482) as Whole-Time Director of the Company, for a period of 3 (Three) years from the expiry of his present term of office, that is, with effect from 1st August, 2020 to 31st July, 2023 with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said reappointment as it may deem fit.

<b>Nature of Duties</b>	The Whole Time Director shall, devote her whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to her by the Board from time to time and separately communicated to her and exercise such powers as may be assigned to her, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company.
<b>Salary inclusive of all</b>	Rs.10,00,000/- per month or as may be decided by the board of directors

<b>allowances</b>	but not more than 10,00,000/- p.m
<b>Perquisites in addition to salary</b>	<p>1. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation addition to salary 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.</p> <p>2. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.</p> <p>3. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.</p> <p>4. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.</p> <p>5. 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.</p> <p>6. 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</p> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>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.</p>
<b>Retirement Benefits</b>	<p>1. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall 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.</p> <p>2. Gratuity payable shall be in accordance with the rule of the company.</p> <p>3. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be cashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p>
<b>Other Benefits</b>	<p>1. 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.</p> <p>2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.</p> <p>3. 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.</p>
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure of the Whole-Time 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 Sections 198 and all other applicable provisions of the Companies Act, 2013.

5. To consider and approve the appointment, re-designation of Mr. Manish Singhal (DIN: 00120232), Managing Director of the company 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 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), on the recommendation of the Nomination and Remuneration Committee, and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approvals, consent of the company be and is hereby accorded to appoint and re-designate Mr. Manish Singhal (DIN: 00120232) as Managing Director of the Company, for a period of 3 (Three) years from 1<sup>st</sup> August, 2020 to 31<sup>st</sup> July, 2023 with liberty to the Board of Directors [which term shall include the Nomination and Remuneration Committee (“NRC”)] to alter and vary the terms and conditions of the said reappointment as it may deem fit.

<b>Nature of Duties</b>	The Managing Director shall, devote his whole time and attention to the business and operations of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries and/or associated companies, including performing duties as assigned by the Board from time to time by serving on the boards of such companies or any other executive body or any committee of such a company.
<b>Salary inclusive of all allowances</b>	Rs.20,00,000/- per month or as may be decided by the board of directors but not more than 20,00,000/- p.m
<b>Perquisites in addition to salary</b>	<ol style="list-style-type: none"> <li>1. Housing: The expenditure incurred by the Company on hiring unfurnished accommodation addition to salary 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.</li> <li>2. Expenditure incurred by the company on Gas, Electricity, Water etc. will be valued as per Income Tax Rules, 1962.</li> <li>3. Medical/Hospitalization Expenses Reimbursement of Expenses incurred for the appointee and the family in accordance with the rules of the company.</li> <li>4. Leave Travel Concession: Leave Travel Concession for self and family in accordance with the rules of the company.</li> <li>5. 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.</li> <li>6. 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</li> </ol> <p>Any other benefits, facilities, allowance and expenses as may be allowed under Company rules/schemes.</p> <p>Notes: For the purpose of perquisites stated herein above, family means spouse, dependent children and dependent parents of the appointee.</p> <p>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.</p>
<b>Retirement Benefits</b>	1. Company's Contribution towards Provident Fund, Super-annuation fund or Annuity Fund shall be as per the Rules of the Company and this amount shall 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.

	<p>2. Gratuity payable shall be in accordance with the rule of the company.</p> <p>3. Earned Leave on full pay and allowances as per the rules of the Company, leave accumulated shall be cashable of Leave at the end of the tenure, if any, will not be included in the computation of the ceiling on perquisites.</p>
<b>Other Benefits</b>	<p>1. 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.</p> <p>2. The appointee shall be entitled to reimbursement of entertainment expenses actually and properly incurred during the course of legitimate business of the company.</p> <p>3. 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.</p>
<b>Minimum Remuneration</b>	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 Section 198 and all other applicable provisions of the Companies Act, 2013.

**By the order of the Board of Directors  
For KG PETROCHEM LIMITED**

Date: 26.08.2020  
Place: Jaipur

Sd/  
**Akshita Pareek**  
Company Secretary

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and Circular No.17/2020 dated 13<sup>th</sup> April, 2020 (collectively referred to as "MCA Circulars") permitted hold 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 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Shareholders in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting System on the date of the AGM will be provided by CDSL.

3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
4. Participation of Shareholders through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
5. A member 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 member of the Company. Since the AGM is being held in accordance with the MCA Circular No. 14/2020 dated 08<sup>th</sup> April, 2020 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 and Route Map of the venue are not annexed to this Notice.  
However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the Shareholders such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting
6. Shareholders of the Company under the category of Corporate Shareholders are encouraged to attend and vote at the AGM through VC/OAVM. Corporate Shareholders intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Company or upload on the VC/OAVM portal/ e-voting portal and who are authorized to vote through e-mail at [cssandeep@armsandassociates.com](mailto:cssandeep@armsandassociates.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) on or before Saturday, 16<sup>th</sup> September, 2020 up to 5:00 p.m. without which the vote shall not be treated as valid.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members 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 RTA, Niche Technologies Private Limited, in case the shares are held in physical form.
9. Shareholders holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Shareholders holding shares in physical form are requested to notify change of address, if any, to Company/ Niche Technologies.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant dealing in securities market. Shareholders holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form can submit their PAN to the Company/ Niche Technologies Pvt. Ltd.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Shareholders during the AGM. All documents referred to in the Notice will also be available for

electronic inspection without any fee by the Shareholders from the date of circulation of this Notice up to the date of AGM, i.e 21<sup>st</sup> September, 2020. Shareholders seeking to inspect such documents can send an email to jproffice21@bhavik.biz.

12. Shareholders are requested to inform the Company's Registrar and Share Transfer Agent i.e. Niche Technologies Pvt. Ltd., 3A, Auckland Place, 7<sup>th</sup> Floor, Room No. 7A & 7B, Kolkatta-700001 about the changes, if any, in their registered address along with the Pin Code, quoting their Folio Number and DP ID. All correspondence relating to transfer of shares may be sent directly to the aforesaid Registrar and Share Transfer Agent of the Company.
13. SEBI vide its notification dated 8<sup>th</sup> June, 2018 as amended on 30<sup>th</sup> November, 2018, has stipulated that w.e.f. 1<sup>st</sup> April, 2019, the transfer of securities (except transmission or transposition of shares) shall not be processed, unless the securities are held in the dematerialized form. The Company has complied with the necessary requirements as applicable, including sending of letters to Shareholders holding shares in physical form requesting them to demat their physical holdings.
14. To comply with the above mandate, Shareholders who still hold share certificates in physical form are advised to dematerialize their shareholding to also avail numerous benefits of dematerialize, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
15. Voting through electronic means:
  - a. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company is provided a facility to its Shareholders to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the Central Depository Service (India) Limited (CDSL). Shareholders who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by Shareholders holding shares in dematerialized mode, physical mode and for Shareholders who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
  - b. The Board has appointed Mr. Sandeep Kumar Jain, Practicing Company Secretary, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner. .
  - c. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of Shareholders shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut off date, i.e. as on 14<sup>th</sup> September, 2020.
  - d. **The process and manner for remote e-voting are as under:**
    - i. The voting period begins on Friday, 18<sup>th</sup> September, 2020 at 10.00 A.M. and ends on Sunday, 20<sup>th</sup> September, 2020 at 5.00 P.M. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Monday, 14<sup>th</sup> September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the time of the meeting.



- iii. The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders.
- v. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company recording order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field as mentioned in instruction (iv).</li> </ul>

- ix. After entering these, details appropriately, click on "SUBMIT" tab.
- x. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Company Name i.e. KG Petrochem Limited on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - xv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
  - xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - xx. **Note for Non – Individual Shareholders and Custodians**
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact them at 1800 200 5533
- e. The facility for voting during the AGM will also be made available. Shareholders present in the AGM through VC/OAVM and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
- f. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com). However, if he / she is already registered with CDSL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.

16. The shareholders shall have one vote per equity share held by them as on the cut-off date of 14<sup>th</sup>

September, 2020. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.

17. The Scrutinizer will submit his report to the Chairman of the Company ('the Chairman') or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, CDSL, and RTA and will also be displayed on the Company's website, [www.kgpetro.in](http://www.kgpetro.in)

**18. INSTRUCTIONS FOR SHAREHOLDERS FOR ATTENDING THE 40<sup>th</sup> AGM THROUGH VC/ OAVM ARE AS UNDER:**

- i. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in Shareholders login where the EVSN of Company will be displayed.
- ii. Facility of joining the AGM through VC/ OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Shareholders on first come first served basis.
- iii. Shareholders are encouraged to join the Meeting through Mobile Devices/ Laptops/ I Pads for better experience. Further, Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 (five) days prior to meeting** mentioning their name, folio number, email id, mobile number at [jproffice21@bhavik.biz](mailto:jproffice21@bhavik.biz). The Shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 (five) days prior to meeting** mentioning their name, folio number, email id, mobile number at [jproffice21@bhavik.biz](mailto:jproffice21@bhavik.biz). These queries will be replied by the Company suitably via email.
- vi. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**19. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE 40<sup>th</sup> AGM ARE AS UNDER:**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
  - ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
  - iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
  - iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM
- 20.** To support the Green Initiative, we request Shareholders to update their e-mail addresses with their depository participants if shares held in demat mode and with the Registrar if the shares are held in Physical form.
- 21.** Relevant documents referred to in accompanying Notice including explanatory statement in pursuant to Section 102 of the Companies Act, 2013 and Statements are open for inspection by the Shareholders at the Registered Office of the company on all working days during business hours.
- 22.** Shareholders may also note that the Notice of 40<sup>th</sup> Annual General Meeting and Annual Report for the Financial Year 2019-20 is also available on the website of the Company i.e. [www.kgpetro](http://www.kgpetro) and also be accessed from the website of the Stock Exchange i.e. BSE Limited [www.bseindia.com](http://www.bseindia.com). The Notice of AGM is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

**EXPLANTORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT") FORMING PART OF THE NOTICE**

**Item No. 02:**

**As regards re-appointment of Mrs. Prity Singhal (DIN: 02664482) referred in Item No. 02 of the Notice following disclosure are made for the information of the Shareholders:**

<b>Name</b>	Prity Singhal
<b>DIN</b>	02664482
<b>Brief profile</b>	Mrs. Prity Singhal born on 03rd December 1976 holding degree of bachelor of computer science and working in the Manufacturing Industry from last 10 years
<b>Date of Appointment</b>	21/09/2017
<b>Nature of expertise in specific functional area</b>	Export, Production, Finance
<b>Disclosure of relationship between directors as on 31<sup>st</sup> March, 2020</b>	She is related to Key Managerial Personnel as follow: <ul style="list-style-type: none"><li>• Wife of Executive Director Mr. Manish Singhal</li><li>• Daughter in law of Chairman Gauri Shanker Kandoi</li></ul>
<b>Chairmanship/ Membership of committees of other Public</b>	Nil

<b>Companies as on 31<sup>st</sup> March, 2020</b>	
<b>Shareholding in the company as on 31<sup>st</sup> March, 2020</b>	1,03,767 number of Equity Shares of Rs. 10/- each

**Item No. 03:**

**In regards to appoint and re-designate Shri Gauri Shanker Kandoi (DIN 00120330) as Chairman cum Whole-Time Director of the company referred in Item No. 03 of the Notice following disclosures are made for the information of the Shareholders:**

The Shareholders at the 37<sup>th</sup> Annual General Meeting held on Thursday, 21<sup>st</sup> September, 2017 had vide Special Resolution No. 7 approved the re-appointment of Shri Gauri Shanker Kandoi, as Director of the Company for a period commencing from August 1, 2017 to July 31, 2020, including the terms of remuneration payable to her.

The tenure of Shri Gauri Shanker Kandoi (DIN 00120330) was expired on 31<sup>st</sup> July, 2020 as Managing Director of the company. Further, on the recommendation of the Nomination and remuneration committee the Board of Directors of the company in their meeting held on 26<sup>th</sup> August, 2020 has recommended to appoint and re-designate Shri Gauri Shaker Kandoi from Managing Director to Chairman cum Whole-Time Director of the company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on August 26, 2020 recommended to appoint and re-designate Shri Gauri Shaker Kandoi from Managing Director to Chairman cum Whole-Time Director of the company for a period of three years i.e. from August 01, 2020 to July 31, 2023, subject to approval of Shareholders in the ensuing Annual General Meeting.

In view of his past performance in his role as Whole Time Director the Board of Directors have enhanced his role and will now be accountable to ensure an end to end view on the entire operations of the Company, focusing on financial management, foreign exchange, policy making and management of corporate office. Shri Gauri Shanker Kandoi will serve as a mentor and sounding board for the Managing Director on issues to be presented to the Board, especially in the areas of strategic planning, risk mitigation and external interface. In addition, he will be available to provide feedback and counsel to the Managing Director on key issues facing the enterprise.

The proposed remuneration payable to Shri Gauri Shanker Kandoi during his tenure of 3 years is similar in all respects to the approval by the Shareholders as mentioned above i.e. Rs.20,00,000/- per month. Considering the various business cycles wherein the Company may have a situation of inadequate profits as calculated under the provisions of Section 198 and schedule V of the Act in any financial year during a period of 3 years w.e.f. August 01, 2020.

Further, as per the provisions of regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the directorship of any person as a Whole-Time Director who has attained the age of seventy five years unless a special resolution is passed to that effect, in reference to the same the company proposes to appoint him as Chairman cum Whole-Time Director.

Except the appointee none of the Directors, Key Managerial Personnel of the company and their relatives seems to be concerned or interested in the above resolution to the extent of their shareholding, if any, in the company.

**Item No. 04:**

**In regards to re-appointment of Mrs. Prity Singhal (DIN: 02664482) referred in Item No. 04 of the Notice following disclosure are made for the information of the Shareholder:**

The Shareholders at the 37<sup>th</sup> Annual General Meeting held on Thursday, 21<sup>st</sup> September, 2017 had vide Special Resolution No. 6 approved the re-appointment of Mrs. Prity Singhal, Whole-Time Director of the Company for a period commencing from August 1, 2017 to July 31, 2020, including the terms of remuneration payable to her.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on August 26, 2020 recommended to re-appointment of Mrs. Prity Singhal as Whole-Time Director for a period of three years i.e. from August 01, 2020 to July 31, 2023, subject to approval of Shareholders in the ensuing Annual General Meeting. In view of her past performance in her role as Whole-Time Director the Board of Directors have enhanced her role and will now be accountable to ensure an end to end view on the entire operations of the Company, focusing on financial management, foreign exchange, policy making and management of corporate office.

The proposed remuneration payable to Mrs. Prity Singhal during her extended tenure of 3 years is similar in all respects to the approval by the Shareholders as mentioned above i.e. Rs.10,00,000/- per month. Considering the various business cycles wherein the Company may have a situation of inadequate profits as calculated under the provisions of Section 198 and schedule V of the Act in any financial year during a period of 3 years w.e.f. August 01, 2020.

Except the appointee none of the Directors, Key Managerial Personnel of the company and their relatives seems to be concerned or interested in the above resolution to the extent of their shareholding, if any, in the company.

#### **Item No. 05:**

**In regards to appoint and re-designate Mr. Manish Singhal (DIN: 00120232) as Managing Director of the company as referred in Item No. 05 of the Notice following disclosure are made for the information of the Shareholder:**

The Shareholders at the 37<sup>th</sup> Annual General Meeting held on Thursday, 21<sup>st</sup> September, 2017 had vide Special Resolution No. 8 approved the re-appointment of Mr. Manish Singhal, Whole-Time Director of the Company for a period commencing from August 1, 2017 to July 31, 2020, including the terms of remuneration payable to him.

Based on the recommendation of Nomination and Remuneration Committee of the Company, Board in its meeting held on August 26, 2020 has recommended re-designating him as Managing Director of the Company, subject to the confirmation of shareholders and other regulatory approvals, if required.

Nomination and Remuneration Committee is in opinion that he his innovative ideas and expertise knowledge can be utilized toward the growth of the company.

The appointment of Mr. Manish Singhal as Managing Director for a period of three years i.e. from August 01, 2020 to July 31, 2023, subject to approval of Shareholders in the ensuing Annual General Meeting. In view of his past performance in his role as Whole Time Director the Board of Directors have enhanced his role and will now be accountable to ensure an end to end view on the entire operations of the Company, focusing on financial management, foreign exchange, policy making and management of corporate office.

The proposed remuneration payable to Mr. Manish Singhal during his tenure of 3 years is similar in all respects to the approval by the Shareholders as mentioned above i.e. Rs.20,00,000/- per month. Considering the various business cycles wherein the Company may have a situation of inadequate profits as calculated under the provisions of Section 198 and schedule V of the Act in any financial year during a period of 3 years w.e.f. August 01, 2020.

Except the appointee none of the Directors, Key Managerial Personnel of the company and their relatives seems to be concerned or interested in the above resolution to the extent of their shareholding, if any, in the company.



**Statement of Particulars pursuant to Schedule-V of The Companies Act, 2013**

**1. General Information**

<b>Nature of industry</b>	The Company is engaged in the business of manufacturing of Textiles, Garments, and distribution of Polymers with manufacturing facilities located at Rajasthan.
<b>Date or expected date of commencement of commercial production.</b>	The Company is already in production from many years.
<b>In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.</b>	Not Applicable
<b>Financial performance based on given indicators.</b>	During the financial year ended on 31st March, 2020, the turnover of the Company is Rs. 337.55 Crores and Profit Before Tax (PBT) is Rs.20.54 Crores.
<b>Foreign Investments or collaborators, if any.</b>	No such investment or collaboration except minor Shareholding of Non Resident Indians.

**2. Information about the appointee**

<b>Name</b>	<b>Prity Singhal</b>	<b>Manish Singhal</b>	<b>Gauri Shanker Kandoi</b>
<b>DIN</b>	02664482	00120232	00120330
<b>Date of Appointment</b>	21/09/2017	29/07/2013	05 <sup>th</sup> September, 1998
<b>Date of Birth</b>	03 <sup>rd</sup> December, 1976	10 <sup>th</sup> August, 1972	November 07 <sup>th</sup> , 1943
<b>Designation</b>	Whole-Time Director	Managing Director	Chairman cum Executive Director
<b>Qualifications</b>	BCA	B.Tech from IIT Delhi and M.S. in Chemicals from University of Florida, USA	B.E. in Mechanical from BITS Pilani
<b>Experience in specific functional areas</b>	Having experience of more than 10 years in production and export.	Having experience of more than 20 years in management, production and marketing	Having 55years in running and managing the company
<b>Directorship held in Other public company as on 31<sup>st</sup> March, 2020</b>	NIL	NIL	NIL
<b>Chairman/Member of the Audit Committee and Stakeholders' Grievance Committee in other public company as on 31<sup>st</sup> March, 2020</b>	NIL	NIL	NIL
<b>Comparative remuneration profile with respect to industry, size of the Company, profile of the position and</b>	Taking into account the turnover of the Company and responsibilities of the directors, the remuneration being proposed to be paid to them is reasonable and in line with the remuneration levels in the industry across the country.		

<b>person</b>			
<b>Past Remuneration</b>	Rs. 4,50,000/- p.m.	Rs. 8,00,000/- p.m.	Rs. 8,00,000/- p.m.
<b>Proposed Remuneration inclusive of all allowances</b>	Not exceeding to Rs.10,00,000/-per month or as may be decided by the board of directors	Not exceeding to Rs.20,00,000/-per month or as may be decided by the board of directors	Not exceeding to Rs.20,00,000/-per month or as may be decided by the board of directors
<b>Disclosure of relationship between directors as on 31<sup>st</sup> March, 2020</b>	She is related to Key Managerial Personnel as follow: <ul style="list-style-type: none"> <li>Wife of Managing Director Manish Singhal</li> </ul> Daughter in Law of Chairman Gauri Shanker Kandoi	He is related to Key Managerial Personnel as follow: <ul style="list-style-type: none"> <li>Husband of Whole Time Director Prity Singhal</li> </ul> Son of Chairman Gauri Shanker Kandoi	He is related to Key Managerial Personnel as follow: <ul style="list-style-type: none"> <li>Father of Managing Director Manish Singhal</li> </ul> Father in Law of Whole Time Director Prity Singhal
<b>Number of shares held in the company as on 31<sup>st</sup> March, 2020</b>	1,03,767 number of Equity Shares of Rs. 10/- each	13,77,625 number of Equity Shares of Rs. 10/- each	14,28,807 number of Equity Shares of Rs. 10/- each
<b>Perquisites in addition to salary</b>	Free use of Company's car for the business of the Company and shall be valued as per Income Tax Rules.		
<b>Retirement Benefits</b>	Company's Contribution towards Provident Fund, Gratuity as per the rules of the Company.		
<b>Other benefits</b>	a. Free telephone facility at residence and use of mobile facility. b. Reimbursement of expenses incurred for travelling boarding and lodging during business trips and all other expenses actually and properly incurred by him for the business of the Company.		
<b>Minimum Remuneration</b>	Where in any financial year during the current 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.		

All the directors/Key Managerial Personnel of the Company/their relatives are interested or concerned in the passing of the said resolution to the extent of their shareholding in the company.

**By the order of the Board of Directors  
For KG PETROCHEM LIMITED**

Date: 26<sup>th</sup> August, 2020  
Place: Jaipur

**Sd/  
Akshita Pareek  
Company Secretary  
M. NO. ACS 53435**

## **BOARD'S REPORT**

To,  
The Members of  
K G Petrochem Limited

Your Directors have pleasure in presenting this 40 th Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2020.

### **1. FINANCIAL HIGHLIGHTS**

	<b>in Lacs</b>	
	<b>2019-2020</b>	<b>2018-2019</b>
Gross Income	33755.24	25665.69
Profit Before Interest and Depreciation and Exceptional item	5226.03	3907.45
Less : Finance Cost	850.96	677.7
Profit Before Depreciation and Exceptional item	4375.07	3229.75
Depreciation	1772.48	1704.77
Net Profit Before Tax and Exceptional Items	2602.59	1524.98
Less: Exceptional items	-548.33	0
Provision for Tax	307.17	655.43
Net Profit After Tax	1747.09	869.55

### **2. REVIEW OF OPERATIONS AND STATE OF COMPANY 'S AFFAIRS**

During the Financial Year, the performance of the company from revenue point of view was improved as the Company has achieved turnover of Rs. 32947.73 Lacs as against Rs. 24907.43 Lacs in the preceding financial year. There was increase in the turnover of the company in comparison to last year. The profit before tax and exceptional item for the financial year Rs.2602.59 Lacs as compared to Rs. 1524.98 Lacs in the previous year. Further Segment wise result of operation is as under:-

#### **Textile Division**

During the year, its revenue from operation from Textile Division was Rs. 29081.49 Lacs including export sales of Rs 24475.73 Lacs (FOB) as against Rs. 22920.3 Lacs including export of Rs. 19717.37 Lacs in previous year, the growth of the division is substantial. The performance of the division was well during the year.

#### **Agency Division**

During the year the Agency Division has sold HDPE/LLDPE Granules 21639.87 mt. amounting to Rs. 19861.75 Lacs in comparison of 20635.00 mt. amounting of Rs.22073.00 Lacs and earned commission of Rs.88.39 Lacs (before tax) as compared to last year Rs. 82.01 Lacs. The division has performed well during the year under review.

#### **Garment Division**

Garment division is doing 100% Job work only for Textile Division.

### **Technical Textile Division**

During the year, its revenue from operation was Rs. 3777.85 Lacs including export sales of Rs. 238.98 Lacs (FOB) as compared to Rs. 1905.06 Lacs in previous financial year. The performance of the division was average. During the year company had installed the second coating line machine and started production on it.

### **3. CHANGE IN NATURE OF BUSINESS, IF ANY**

There was no change in the business of the Company during the financial year 2019-20.

### **4. DIVIDEND**

In order to conserve the resources of company the Board of Directors are not recommending any dividend this year.

### **5. AMOUNTS TRANSFERRED TO RESERVE**

S. No.	Reserve Head	Opening Balance	Addition	Deduction	Closing Balance
1.	Revaluation Reserve	4482.51	0.00	70.91	4411.60
2.	General Reserve	52.72	70.91	0.00	123.63
3.	Retained Earnings	6175.85	1747.09	0.00	7922.94

### **6. TRANSFER OF UNCLAIMED/UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") there was no unclaimed/ unpaid dividend, hence the company is not required to transfer any amount to Investor Education and Protection Fund

### **7. CHANGES IN CAPITAL STRUCTURE**

During the year under review, there is no change in the Capital Structure of the company. The paid-up equity share capital as on 31 March 2020 was Rs. 5.82 Crore (including forfeited shares of Rs. 0.59 crore). There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. Further, the Company has not issued shares with differential voting rights or sweat equity shares, nor has it granted any stock options.

### **8. MATERIAL CHANGES AND COMMITMENTS**

In pursuance to section 134 (3) of the Companies act, 2013 there have no material changes and commitments affecting the financial position of the company which have occurred after the closure of the financial year to which the financial statements relate, to till the date of this report affecting the financial position of the company.

### **Impact of COVID-19 Pandemic**

The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the Company were impacted, due to shutdown of all plants and offices following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31<sup>st</sup> March, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

## **9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.**

In pursuance to Rule 8 (5) (vii) of the Companies (Accounts) Rules, 2014 during the year under review, there were no significant and material order passed by any Regulator or Court or Tribunal against the company, which may impact the going concern status or future operations of the company.

## **10. INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Internal Control is intended to increase transparency and accountability in an organization's process of designing and implementing a system of internal control. The framework requires a company to identify and analyze risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

The company's internal controls system is commensurate with the size, scale, nature and complexity of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies.

The company has appointed M/s. Arpit Vijay & Co, Chartered Accountants (FRN-017737C) to oversee and carry out internal audit. The audit was conducted on quarterly basis and Audit Committee was actively reviewing the Internal Audit Report. The Management with Audit Committee periodically reviews the Internal Control System and procedure for the efficient conduct of the business.

During the financial year under review, the Statutory Auditor in their Report on the Internal Financial Control with reference to financial statements for the financial year 2019-20 has given unmodified report.

## **11. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year there is no change in the Board of the Company. Further, Ms. Neetu Sharma KMP has resigned from the post of Company Secretary and Compliance Officer with effect from 30<sup>th</sup> October 2019. The Board expresses grateful appreciation for the work done by Miss Neetu Sharma as Company Secretary and Compliance officer for her tenure.

Further on 14<sup>th</sup> February 2020 Ms. Swati Singh appointed as Company Secretary and Compliance officer of the company who further resigned from the post with effect from 25<sup>th</sup> May.2020 due to her personal reason.

The Company has appointed Ms. Akshita Pareek as Company Secretary and Compliance Officer of the company with effect from 07 July 2020.

Further, the Companies Act, 2013, and as per the provisions of Articles of Associations of the company, mandates that at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation. Accordingly, Mrs. Prity Singhal Whole Time Director (DIN: 02664482) being the longest in the office amongst the directors liable to retire by rotation, retire from the Board by rotation this year and, being eligible, offers her candidature for re-appointment. The Board recommends her re-appointment. A resolution seeking shareholders' approval for her re-appointment forms part of the Notice.

Brief details of Mr. Manish Singhal, Managing Director, Mrs. Prity Singhal, Whole-Time Director and Shri Gauri Shanker Kandoi, Whole-Time Director who is seeking appointment/ re-appointment, are given in the notice of Annual General Meeting.

The Independent Directors have confirmed and have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") also registered their registration of Independent Directors in Database of IICA for Independent Directors. There has been no change in the circumstances affecting their status as independent directors of the Company.

The terms & conditions for the appointment of Independent Directors are given on the website of the Company.

As per provision of the Section 203 of the Companies Act 2013, Mr. Manish Singhal, Managing Director, Shri Gauri Shanker Kandoi Chairman cum Whole-Time Director, Mrs. Prity Singhal Whole Time Directors, Mr. Shiv Ratan Sharma Chief Financial Officer (CFO) and Ms. Swati Singh Company Secretary were the Key Managerial Person of the Company as on March 31, 2020

## **12. BOARD AND COMMITTEE MEETINGS**

The details of Board and Committee meetings held during the financial year 2019-20 are set out in Corporate Governance Report forming part of this report. The gap between two consecutive meetings was held within the time period stipulated under the Act, Secretarial Standard-1 and the listing regulations.

## **13. EVALUATION OF THE BOARD'S PERFORMANCE**

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

The Company has prepared an annual performance evaluation policy for performance evaluation of Independent Directors, Board and the Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

## **14. NOMINATION & REMUNERATION POLICY**

In accordance with the provisions of Section 178 of the Companies Act 2013 Company has Nomination and Remuneration policy. Brief of policy as per below. Policy is available on the website of the company [www.kgpetro.in](http://www.kgpetro.in).

### **BRIEF**

The remuneration policy is applicable to all employees of the company, including executives, non-executives and board of directors of the company. The policy is primarily focused on the employees of the company other than directors and senior executives to provide a competitive attractive remuneration to retain, protect and develop competent personnel. The pay package shall be based on the roles and responsibilities.

## **15. CREDIT RATING**



ICRA has assigned and continued a long-term rating of ICRA BBB (pronounced ICRA Triple B) and short-term rating of ICRA A3+ (ICRA A three Plus) .

#### **16. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT**

In order to prevent sexual harassment of women at work place “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013” was notified on December 09, 2013. Under the said Act, every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

In terms of the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company adopted a policy for prevention of Sexual Harassment of Women at workplace and also set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. During the financial year 2019-20, no complaint has been received. Hence, no complaint is pending at the end of the financial year

#### **17. LISTING STATUS**

Your Company’s shares are listed on the Bombay Stock Exchange Limited and the listing fee for the year 2020-21 has been duly paid.

#### **18. INFORMATION ABOUT SUBSIDIARIES/ ASSOCIATES COMPANY/ JOINT VENTURES**

The company does not have any Joint Venture/ Subsidiary and Associate company.

#### **19. BOARD COMMITTEES**

The Company have following Committees as on March 31, 2020:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholder Relationship Committee
- d. Corporate Social Responsibility (CSR) Committee

The composition of the Committees, charters and details of meetings held during the year and attendance there at, are given in the Report on Corporate Governance forming part of the Annual Report.

#### **20. VIGIL MECHANISM AND WHISTLE BLOWER POLICY**

Pursuant to the provisions of Section 177 (9) of the Companies Act, 2013 and Regulation 22(1) of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015 as amended, company has formulated a vigil mechanism (whistle blower policy) for its directors and employees of the Company.

The Whistle Blower Policy and Vigil Mechanism provides a mechanism for the director/employee to report without fear of victimization, any unethical behavior, suspected or actual fraud, violation of the Code of Conduct etc. violations and now instances of leak of Unpublished Price Sensitive Information, which are detrimental to the organization's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimization or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The Vigil Mechanism Policy is placed on the website of the Company at <http://www.kgpetro.in>.

## **21. CODE OF CONDUCT**

Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, requires every listed company to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

In this regard the Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Managing Director is attached as Annexure "I" which forms a part of this Report. The Code of Conduct is also available on the Company's website [www.kgpetro.in](http://www.kgpetro.in)

## **22. HUMAN RESOURCE MANAGEMENT, HEALTH AND SAFETY**

During the year the Company had cordial relations with workers, staff and officers. The shop floor management is done through personal touch, using various motivational tools and meeting their training needs requirements. The company has taken initiative for safety of employees and implemented regular safety audit, imparted machine safety training, wearing protective equipment's etc

Company continued to focus on attracting new talent while investing in organic talent development to help employees acquire new skills, explore new roles and realize their potential. The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. The total count of regular employees as at March 31, 2020 was 1132.

## **23. PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 134(3)(q) and Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, regarding employees is given in Annexure 'II'.

There were no employee in the company drawing remuneration in excess of the limits set out in the Rule 5(2) and 5(3) of the Companies (Appointment and remuneration of Managerial Personnel) Rules 2014.

## **24. EXTRACT OF ANNUAL RETURN**

The particulars required to be furnished under Section 134(3)(a) of the Companies Act, 2013 read with Companies(Management and Administration) Rules, 2014 as prescribed in Form No. MGT-9 is given in Annexure 'III' in the prescribed Form No. MGT-9, which is a part of this report.

## **25. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. During the year, the company has not entered into any contracts/ arrangements/ transactions with related parties which could be considered material in accordance with the policy of the company on materiality of related party transaction, hence Form No. AOC-2 is not applicable to the company.

During the year 2019-20, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, all related party transactions were placed before the Audit Committee for approval.

A statement showing the disclosure of transactions with related parties as required under Ind AS 24 is set out separately in this Annual Report.

The Company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions which has been uploaded on the Company's website at the web link [www.kgpetro.in](http://www.kgpetro.in)

## **26. CORPORATE SOCIAL RESPONSIBILITY**

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review pursuant to the provisions of Section 135 of the Companies Act, 203 are set out in Annexure 'IV' of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on [http://kgpetro.in/corporate\\_responsibility.php](http://kgpetro.in/corporate_responsibility.php).

## **27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

Information on conversation of energy, technology absorption, foreign exchange earnings and out go pursuant to section 134 (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in "Annexure V" of the report.

## **28. CORPORATE GOVERNANCE**

The Company has complied with the requirements of corporate governance as stipulated under the listing regulations. A separate report of the Board of Directors of the Company on Corporate Governance is included in the Annual Report as Annexure 'VI' and the Certificate from CS Sandeep Kumar Jain, Practicing Company Secretary confirming compliance with the requirements of Corporate Governance as stipulated in Regulation 34 (3) read with part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed as Annexure 'A' to the Corporate Governance Report.

## **29. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report, as required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Annexure 'VII'.

## **30. STATUTORY AUDITORS AND REPORT THEREON**

In the 39th Annual General Meeting the stakeholders approved the appointment of R Sogani & Associates, Chartered Accountants (FRN: 018755C) as Statutory auditor from the conclusion of thirty ninth Annual General Meeting till the conclusion of the forty fourth Annual General Meeting of the Company, at a remuneration mutually agreed between the Board of Directors of the Company and the Auditors.

As per the provisions of section 40 of the Companies (Amendment) Act, 2017 there is no requirement for ratification of appointment of Statutory Auditor at every Annual General Meeting of the Company and therefore, it is not required to ratify the appointment every year.

Further, the Statutory Auditors' report for the Financial Year 2019-20 does not contain any qualifications, reservations, or adverse remarks.

## **31. SECRETARIAL AUDIT AND REPORT**

According to provision of the section 204 of the Companies Act 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed M/s Arms & Associates LLP, Practicing Company Secretaries, to undertake the secretarial audit of the Company for the financial year ended 31st March, 2020.

The Secretarial Audit Report Submitted by M/s Arms & Associates LLP, Practicing Company Secretaries, for the financial year ended 31st March, 2020 in the prescribed form MR-3 is annexed to the report as Annexure VIII.

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer.

In addition to the above and pursuant to SEBI Circular dated 8 February 2019, a Report on Secretarial Compliance by M/s Arms & Associates LLP for the year ended 31 March 2020 is being submitted to stock exchanges. There are no observations, reservations or qualifications in the said Report.

The Board has re-appointed M/s. ARMS & Associates LLP, Company Secretaries as Secretarial Auditor of the Company to carry out Secretarial Audit of the Company for the financial year 2020-21.

### **32.COST AUDIT**

In accordance of section 148 read with Sub Rule (3) of Rule 4 of Companies (Cost Records & Audit), Rules, 2014, Cost Audit for the FY 2019-20 is not applicable on the company, as the export turnover of the company is more than 75% of its total turnover.

### **33.PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS U/s 186**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable for the F.Y. 2019-20.

### **34.DEPOSITS FROM PUBLIC**

During the financial year under review, your Company has neither invited nor accepted or renewed any fixed deposit from public in terms of provisions of section 73 to 76 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. No amount of principal or interest was outstanding as on March 31, 2020.

### **35.DEMATRIALISATION OF SHARES**

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2020, **97.52%** of the share capital stands dematerialized.

### **36.PREVENTION OF INSIDER TRADING**

Pursuant to SEBI (Prohibition of Insider Trading Regulations), 2015, the Board has formulated and implemented a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information. The same is available on the Company's website i.e. <http://www.kgpetro.in>

### **37. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had 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 and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **38. PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of the Company for the year ended 31 March 2020 have been disclosed as per Division II of Schedule III to the Companies Act, 2013.

### **39. INDIAN ACCOUNTING STANDARDS, 2015**

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013.

### **40. SECRETARIAL STANDARDS OF ICSI**

Pursuant to the approval given on 10 April 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. The said standards were further amended w.e.f. 1 October 2017. The Company is in compliance with the same.

### **41. CAUTIONARY STATEMENT**

Statements in this report, describing the Company's objectives, expectations and/or anticipations may be 'forward looking' within the meaning of applicable Securities Law and Regulations. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability of inputs and their prices, changes in the Government policies, regulations, tax laws, economic developments within the country and outside and other factors such as litigation and industrial relations.

Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances, Investors are advised to exercise due care and caution while interpreting these statements.

### **42. APPRECIATION**

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

**For and on behalf of the Board of Directors**  
**K G Petrochem Limited**

Date : 26.08.2020

Manish Singhal  
Managing Director  
DIN : 00120232

Gauri Shanker Kandoi  
Chairman cum Whole-Time Director  
DIN : 00120330

Place : Jaipur

**ANNEXURE-I**

**Annual Compliance with the Code of Conduct for the Financial Year 2019-20**

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm and declare that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2020 from all the Board Members and Senior Management Personnel.

**For and on behalf of the Board of Directors  
K G Petrochem Limited**

**Date : 26.08.2020**

**Place : Jaipur**

**Manish Singhal**  
Managing Director  
**DIN : 00120232**

## ANNEXURE-II

### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) AND SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.NO.	Requirement of Rule 5(1)	DETAILS	
1	The ratio of the remuneration of each Director to the median employees of the company for the financial year	1	Shri Gauri Shanker Kandoi
		2	Shri Manish Singhal
		3	Smt. Prity Singhal
		None of the other directors received any remuneration during the Financial Year 2019-20	
2	The percentage increase in remuneration of each Director Chief Financial Officer, Company Secretary, Chief Executive Officer or Manager, if any, in the Financial Year	<u>Directors</u>	
		1	Shri Gauri Shanker Kandoi
		2	Shri Manish Singhal
		3	Smt. Prity Singhal
		<u>KMPs</u>	
		1	Shri Shiv Ratan Sharma
		2	Ms. Neetu Sharma**
		3	Ms. Swati Singh**
3	The percentage increase in the median remuneration of the employees in the Financial Year	6.81	
4	The number of the permanent employee on the roll of the company	1132 Employees as on 31.03.2020	
5	The explanation on the relationship between average increase in the remuneration and company performance;	(i) Increase in salary is based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks	
6	Comparison of the remuneration of the KMP against the performance of the company;	Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2019-20 (Rs. Lacs)	254.23
		Revenue (Rs. Lacs)	33755.24
		Remuneration of KMP's (as % of Income)	0.75%
		Profit before Tax (PBT) (Rs. Lacs)	2054.26
		Remuneration of KMP's (as % of PBT)	12.38%
12	Affirmed that the remuneration is as per the remuneration policy of the Company.		

\*\* Ms. Neetu Sharma resigned as Company Secretary and Compliance Officer as on 30.10.2019

\*\* Ms. Swati Singh appointed as Company Secretary and Compliance Officer as on 14.02.2020

**ANNEXURE-III**  
**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L24117RJ1980PLC001999
ii	Registration Date	29th February 1980
iii	Name of the Company	K G PETROCHEM LIMITED
iv	Category/ Sub-category of the Company	Public Company/ Limited with Shares
v	Address of the Registered office & contact details	C-171, Road No. 9J, VK I Area, Jaipur-302013, Rajasthan Tel. No. 0141-2331231; 4106800 Fax: 91-141-2332845 Email Id: jproffice21@bhavik.biz Website: www.kgpetro.in
vi	Whether listed company	Listed
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Niche Technologies Pvt. Ltd. 71, B R B Basu Road, D-511, Bagree Market, 5th Floor, Kolkata-700001 West Bengal Tel No.: 033 - 22343576 / 22357270 / 7271 Fax: 033 - 22156823 Email Id: nichetechpl@nichetechpl.com Website: www.nichetechpl.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

S. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Cotton Terry Towel	131	88.27
2	Artificial Leather	139	11.47

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	N.A.	N.A.	N.A.	N.A.	N.A.

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i. Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of year				% Change during the year
	Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
A. PROMOTERS									



(1)	Indian									
	a) Individual / HUF	3897332	0	3897332	74.647	3897622	0	3897622	74.653	-0.006
	b) Central Government									
	c) State Government									
	d) Bodies Corporate									
	e) Banks / Financial Institutions									
	f) Any Other									
	Sub-total (A)(1)	3897332	0	3897332	74.647	3897622	0	3897622	74.653	-0.006
(2)	Foreign									
	a) NRIs - Individuals									
	b) Other - Individuals									
	c) Bodies Corporate									
	d) Banks / Financial Institutions									
	e) Any Other									
	Sub-total (A)(2)	0	0	0	0.000	0	0	0	0.000	0.000
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	3897332	0	3897332	74.647	3897622	0	3897622	74.653	-0.006
B.	PUBLIC SHAREHOLDING									
(1)	Institutions									
	a) Mutual Funds									
	b) Banks / Financial Institutions									
	c) Central Governments									
	d) State Governments									
	e) Venture Capital Funds									
	f) Insurance Companies									
	g) Foreign Institutional Investors (FII)									
	h) Foreign Venture Capital Funds									
	i) Others (Specify)									
	Sub-total (B)(1)	0	0	0	0.000	0	0	0	0.000	0.000
(2)	Non-Institutions									
	a) Bodies Corporate									
	i) Indian	211549	53600	265149	5.079	211097	53600	264697	5.070	-0.009
	ii) Overseas									
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs 1 lakh	96876	78350	175226	3.356	109842	75450	185292	3.549	0.193
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	881297	0	881297	16.880	871400	0	871400	16.69	-0.18
	c) Others Specify									
	1. NRI	1004	0	1004	0.019	994	0	994	0.019	-0.000
	2. Overseas Corporate Bodies									
	3. Foreign Nationals									
	4. Clearing Members	992	0	992	0.019	995	0	995	0.019	0.0005
	5. Trusts									
	6. Foreign Bodies - D.R.									
	Sub-total (B)(2)	1191718	131950	1323668	25.353	1194328	129050	1323378	25.347	2.477
	Total Public Shareholding (B) = (B)(1)+(B)(2)	1191718	131950	1323668	25.353	1194328	129050	1323378	25.347	
C.	Shares held by Custodian for GDRs & ADRs									
						5091950	129050	5221000		
	GRAND TOTAL (A+B+C)	5089050	131950	5221000	100.000	5091950	129050	5221000	100.00	0.00

ii.	Shareholding of Promoters							
S. No	Shareholder's Name	Shareholding at the beginning of year			Shareholding at the end of the year			% of change shareholding during the year
		No. Shares	% of total shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged/ Encumbered to total shares	
1	Bal Dev Das Gauri Shanker Kandoi HUF	330400	6.328	0.000	226923	4.346	0.000	-1.982
2	Gauri Shanker Kandoi	1428807	27.367	0.000	1428807	27.367	0.000	0.000
3	Manish Singhal	1377625	26.386	0.000	1377625	26.386	0.000	0.000
4	Manish Singhal HUF	340000	6.512	0.000	340000	6.512	0.000	0.000
5	Savitri Kandoi	420500	8.054	0.000	420500	8.054	0.000	0.000
6	Prity Singhal**				103767	1.987	0.000	1.987
	<b>TOTAL</b>	<b>3897332</b>	<b>74.647</b>	<b>0.000</b>	<b>3897622</b>	<b>74.653</b>	<b>0.000</b>	<b>0.000</b>
**	Shares held by Prity Singhal in her demat account as well as custodian has been not been included in the promoter Group while submitting Shareholding pattern as on 31 <sup>st</sup> March, 2020 and In this statement she has been included in the promoter group.							

iii.	Change in Promoter's Shareholding (SPECIFY IF THERE IS NO CHANGES)					
Sl No	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Bal Dev Das Gauri Shanker Kandoi HUF					
	a) At the Beginning of the Year	330400	6.328	330400	6.328	
	18/03/2020 Transfer	-9720	-0.186	320680	6.142	
	30/03/2020 Transfer	-93608	-1.793	227072	4.349	
	30/03/2020 Transfer	-149	-0.003	226923	4.346	
	<b>b) Changes during the year</b>	<b>103477</b>				
	c) At the End of the Year	226923	4.346	226923	4.346	
2	Gauri Shanker Kandoi					
	a) At the Beginning of the Year	1428807	27.367	1428807	27.367	
	<b>b) Changes during the year</b>	<b>[NO CHANGES DURING THE YEAR]</b>				
	c) At the End of the Year	1428807	27.367	1428807	27.367	
3	Manish Singhal					
	a) At the Beginning of the Year	1377625	26.386	1377625	26.386	
	<b>b) Changes during the year</b>	<b>[NO CHANGES DURING THE YEAR]</b>				
	c) At the End of the Year	1377625	26.386	1377625	26.386	
4	Manish Singhal HUF					
	a) At the Beginning of the Year	340000	6.512	340000	6.512	
	<b>b) Changes during the year</b>	<b>[NO CHANGES DURING THE YEAR]</b>				
	c) At the End of the Year	340000	6.512	340000	6.512	
5	Savitri Kandoi					
	a) At the Beginning of the Year	420500	8.054	420500	8.054	
	<b>b) Changes during the year</b>	<b>[NO CHANGES DURING THE YEAR]</b>				
	c) At the End of the Year	420500	8.054	420500	8.054	
5	Prity Singhal**					
	a) At the Beginning of the Year	0.00	0.000	0	0.000	
	<b>b) Changes during the year</b>	<b>103767</b>				

	c) At the End of the Year	103767	1.987	103767	1.987
	<b>TOTAL</b>	<b>3897622</b>	<b>74.647</b>	<b>3897622</b>	<b>74.653</b>
**Shares held by Prity Singhal in her demat account as well as custodian has been not been included in the promoter Group while submitting Shareholding pattern as on 31 <sup>st</sup> March, 2020 and In this statement she has been included in the promoter group					

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :					
Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>SANJAY BANSAL</b>				
	a) At the Beginning of the Year	260175	4.983	260175	4.983
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	260175	4.983	260175	4.983
2	<b>VANDITA JAIN</b>				
	a) At the Beginning of the Year	253900	4.863	253900	4.863
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	253900	4.863	253900	4.863
3	<b>M T Financial Services Private Limited</b>				
	a) At the Beginning of the Year	210000	4.022	210000	4.022
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	210000	4.022	210000	4.022
4	<b>VIDIT JAIN</b>				
	a) At the Beginning of the Year	176806	3.386	176806	3.386
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	176806	3.386	176806	3.386
5	<b>SIDDHARTH KEDIA</b>				
	a) At the Beginning of the Year	102300	1.959	102300	1.959
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	102300	1.959	102300	1.959
6	<b>PRUDENTIAL CAPITAL MARKETS LTD.</b>				
	a) At the Beginning of the Year	52600	1.007	52600	1.007
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	52600	1.007	52600	1.007
7	<b>MANIK CHAND FOGLA</b>				
	a) At the Beginning of the Year	35200	0.674	35200	0.674
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	35200	0.674	35200	0.674
8	<b>NEELAM MITTAL</b>				
	a) At the Beginning of the Year	17511	0.335	17511	0.335
	b) Changes during the year				
	Date Reason				
	12/04/2019 Transfer	-1	0.000	17510	0.335
	26/04/2019 Transfer	-35	0.001	17475	0.335
	14/06/2019 Transfer	-1	0.000	17474	0.335
	c) At the End of the Year	17474	0.335	17474	0.335
9	<b>PRABHUDAYAL FOGLA</b>				
	a) At the Beginning of the Year	12300	0.236	12300	0.236
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year	12300	0.236	12300	0.236
10	<b>ASHA GARG</b>				

	a) At the Beginning of the Year	12100	0.232	12100	0.232
	<b>b) Changes during the year</b>	<b>[NO CHANGES DURING THE YEAR]</b>			
	c) At the End of the Year	12100	0.232	12100	0.232
	<b>TOTAL</b>	<b>1132890</b>	<b>21.699</b>	<b>1132892</b>	<b>21.699</b>

<b>v.</b>	<b>Shareholding of Directors and Key Managerial Personnel</b>				
<b>S. No.</b>	<b>Name of Director &amp; KMP and Particulars of Change</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
1	<b>Mr. Gauri Shanker Kandoi</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	1428807	27.367	1428807	27.367
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	1428807	27.367	1428807	27.367
2	<b>Mr. Manish Singhal</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	1377625	26.386	1377625	26.386
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	1377625	26.386	1377625	26.386
3	<b>Mrs. Prity Singhal**</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>103767</b>	<b>1.99%</b>	<b>103767</b>	<b>1.99%</b>
	At the end of the year	103767	1.99%	103767	1.99%
**Shares held by Prity Singhal in her demat account as well as custodian has been not been included in the promoter Group while submitting Shareholding pattern as on 31 <sup>st</sup> March, 2020 and In this statement she has been included in the promoter group					
4	<b>Mr. Jai Prakash Khandelwal</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0.00
5	<b>Mr. Kamlesh Sharma</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0
6	<b>Mr. Bridhi Chand Sharma</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0
7	<b>Mr. Shiv Ratan Sharma</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0
8	<b>Ms. Neetu Sharma</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0.00
9	<b>Ms. Swati Singh</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No of shares</b>	<b>% of total shares of the company</b>

					<b>company</b>
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year	<b>[NO CHANGE DURING THE YEAR]</b>			
	At the end of the year	0	0.00	0	0.00

\*Ms, Neetu Sharma resigned from the company on 30.10.2019.

\*\* Ms. Swati Singh resigned from the company on 25.05.2020.

V	INDEBTEDNESS			
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	12934.94	1074.35	0.00	14009.29
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	12934.94	1074.35	0.00	14009.29
Change in Indebtedness during the financial year				
Additions	1741.33	530.10	0.00	2271.43
Reduction	289.55	295.25	0.00	584.80
Net Change	1451.78	234.85	0.00	1686.63
Indebtedness at the end of the financial year				
i) Principal Amount	14386.72	1211.83	0.00	15598.55
ii) Interest due but not paid	0.00	97.37	0.00	97.37
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	14386.72	1309.20	0.00	15695.92

Note: In Financial Year 18-19 unsecured loan was part of Current Liabilities. In F.Y 2019-20 it is shown as Unsecured Loan.

<b>VI</b>	<b>REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>				
<b>A.</b>	<b>Remuneration to Managing Director, Whole time director and/or Manager:</b>				<b>(Amount in Lacs)</b>
<b>S.No</b>	<b>Particulars of Remuneration</b>	<b>Name of the MD/WT/Manager</b>			<b>Total Amount</b>
1	<b>Gross salary</b>	<b>Gauri Shanker Kandoi</b>	<b>Manish Singhal</b>	<b>Prity Singhal</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	96	96	54	246.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	as % of profit				
	others (specify)	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	96	96	54	246.00
	<b>Ceiling as per the Act</b>	Rs. 120.00 lacs (Calculated as per Schedule V and section 198 of the Companies Act, 2013)			

<b>B.</b>	<b>Remuneration to other Directors:</b>				
	<b>(Amount in Lacs)</b>				
<b>S.No.</b>	<b>Particulars of Remuneration</b>	<b>Name of the Directors</b>			<b>Total Amount</b>
1	<b>Independent Directors</b>	<b>Jai Prakash Khandelwal</b>	<b>Kamlesh Sharma</b>	<b>Bridhi Chand Sharma</b>	
	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil
	(c ) Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	Nil	Nil	Nil	Nil
2	<b>Other Non Executive Directors</b>				

	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil
	(c ) Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>	Nil	Nil	Nil	Nil
	<b>Total Managerial Remuneration</b>	Nil	Nil	Nil	Nil
	<b>Overall Ceiling as per the Act.</b>	<b>Rs. 120.00 lacs per managerial person (Calculated as per Schedule V section 198 of the Companies Act, 2013)</b>			

C.	Remuneration to Key Managerial Personnel other than MD/Manager/WTD				
	(Amount in Lacs)				
S. No.	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	Neetu Sharma**** Company Secretary & Compliance Officer	Swati Singh Company Secretary & Compliance Officer	Shiv Ratan Sharma CFO	Total
	(a)Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1.11	0.32	6.18	7.61
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c )Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission as % of profit others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	1.11	0.32	6.18	7.61
	** Ms. Neetu Sharma has resigned on Oct,30, 2019				
	*** Ms. Swati Singh has been appointed on Feb 14, 2020 and resigned on May 25, 2020				

VII	PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES				
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment /Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

By the order of the Board of Directors  
For KG PETROCHEM LIMITED

Date : 26.08.2020

Place : Jaipur

Manish Singhal  
Managing Director  
DIN : 00120232

Gauri Shanker Kandoi  
Chairman cum Whole-Time Director  
DIN : 00120330

ANNEXURE-IV

BRIEF OUTLINE OF THE COMPANY'S CSR POLICY							
[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]							
1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: KG Petrochem Limited believes in corporate excellence and social welfare. This corporate philosophy is the force for integrating Corporate Social Responsibility (CSR) into KG Petrochem values, culture, operation and business decisions at all levels of the organization. Being a responsible corporate citizen, KG Petrochem Limited has a long and cherished tradition of commendable initiatives, institutional programmes and practices of corporate social responsibility which plays a role to improving life of the people and the surrounding environment. With this belief, the Company is committed to make substantial improvements in the social framework of the nearby community. During the financial year the Company has done CSR activities in Education etc.							
2. The composition of the CSR Committee in FY 2019-20				S. No.	Name	Designation	
				1	Mr. Gauri Shankar Kandoi	Chairman	
				2	Mr. Manish Singhal	Member	
				5	Mr. Bridhi Chand Sharma	Member	
3. Average net profit of the company for last three financial years: Rs.1371.01 Lacs							
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 27.42 Lacs							
5. Details of CSR spent during the financial year:							
(a) Total amount to be spent for the financial year: Rs. 27.42 Lacs							
(b) Total amount spent: Rs. 14500							
(c) Amount unspent, if any: Rs. 27.27 Lacs							
(d) Manner in which the amount spent during the Financial Year:							
1	2	3	4	5	6	7	8
S. No.	CSR project activity identified	Sector in which the project Covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise) (Rs.) in Lacs	Amount spent on the project or programme Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs.) in Lacs	Cumulative expenditure up to the reporting period (Rs.) in Lacs	Amount Spent direct or through implementing agency
1	Scholarship Payment to student	Education	State Rajasthan , Dist Jaipur, The. Kotputali		0.15	0.15	Direct Spent
-	-	-	TOTAL	0	0.15	0.15	-
Reason for shortfall: The proposed plan included a project which shall continue for more than 2 years. It involves fewer expense the initial years but will increase with the progress of the project, the amount short spent during the year shall be spent in following years. The Company has been very selective in identifying appropriate project/areas for spending the required CSR amount and ensures that the project funded were well within the prescribed CSR activities of the Company							
CERTIFICATE							
It is hereby confirmed that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and policy of the Company. We, Gauri Shankar Kandoi, Chairman of CSR Committee on behalf of CSR Committee, Manish Singhal and Bridhi Chand Sharma Member of the committee, certify that the implementation and monitoring of CSR Policy, is in the compliance with CSR objectives and Policy of the company							

**By the order of the Board of Directors  
For KG PETROCHEM LIMITED**

Date : 26.08.2020

Place : Jaipur

Manish Singhal  
Managing Director  
DIN : 00120232

Gauri Shanker Kandoi  
Chairman cum Whole-Time Director  
DIN : 00120330

<b><u>ANNEXURE-V</u></b>	
<b><u>CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC.</u></b>	
Information on conservation of Energy, Technological absorption, Foreign Exchange earnings and out go required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided here under:	
<p>A. Conservation of Energy</p> <p>(i.) The step taken or impact on conservation of energy</p>	<p>The steps taken for conservation of energy: In line with the Company's commitment towards conservation of energy, the company continues with its efforts aimed at improving energy efficiency through improved operational and maintenance practices.</p>
	<p>The steps taken in this direction are as under:</p> <p>a) Energy conservation has been an important thrust area for the Company and is continuously monitored. The adoption of energy conservation measures has helped the Company in reduction of cost and reduced machine down-time.</p> <p>b) Energy conservation is an ongoing process and new areas are continuously identified and suitable investments are made, wherever necessary.</p> <p>c) Various on-going measures for conservation of energy include</p> <p>(i) use of energy efficient lighting and better use of natural lighting,</p> <p>(ii) Reduction of energy loss,</p> <p>(iii) Replacement of outdated energy intensive equipment.</p> <p>d) The Company has not specific Research and Development Department. However, the Company carries out research and development in several areas including material &amp; process developments towards efficiency improvements, quality improvements, waste reduction etc. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs and packaging materials to have cost savings without compromising quality.</p>
	The Company has derived benefits of product development, cost reduction and better quality as a result of the above efforts
	The research and development is an on-going exercise and suitable efforts will continue to be made in future.
	(ii) The steps taken by the company for utilizing alternate source of the energy.
	Set up of Solor Plant having load capacity of 200 KVA
	(B.) Technology Absorption
(i) the efforts made towards technology absorption	Efforts are being made towards improvements
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	The benefits derived are:-a. Improved quality and productivity.b. Conservation of fuel & reduced emissions.
(iii) in case of imported technology( imported during the last three years reckoned from the beginning of the financial year)	NIL



a. The details of the technology imported. b. The year of import. c. Whether the technology been fully absorbed. d. If not fully absorbed, areas whether absorption has not taken place and reasons thereof	
(C) Foreign exchange earning & outgo	Foreign exchange earnings: Rs.24714.71 Lacs (FOB)
	Foreign exchange used : Rs. 142.56 Lacs

## **ANNEXURE-VI**

### **REPORT ON CORPORATE GOVERNANCE**

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at K G Petrochem Limited is as under:

#### **I. Company's Philosophy on Corporate Governance Code:**

Corporate governance at KGPL is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company. We believe in a Board of appropriate size and commitments to adequacy discharge its responsibilities and duties. We consistently review on a periodical basis all the systems policies and delegations so as to establish adequate and sound system of risk management and internal control.

#### **II. Board of Directors**

##### **(a) Board composition and category of Directors**

The Company's policy is to maintain optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.

The company is managerial and controlled through a professional body of Board of Directors. The strength of the Board of the Directors as on 31.03.2020 is Six, out of which three are Executive Director and Three are Non-Executive Independent Director. The Independent directors do not have any pecuniary relationship or transaction with company, which may affect independence in any manner.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The Composition of the Board of Directors in Financial Year 2019-20 is given below:-

Name of the Directors	Categories of Directors	No. of committee position in other companies		Number of shares held
		Chairman	Member	
Gauri Shanker Kandoi DIN : 00120330	Whole-Time Director cum Chairman & Promoter	NIL	NIL	1428807
Manish Singhal DIN: 00120232	Managing Director & Promoter	NIL	NIL	1377625
Prity Singhal	Whole-Time Director & Promoter	NIL	NIL	103767

DIN:02664482				
Kamlesh Sharma	Non - Executive Independent Director	NIL	NIL	NIL
DIN: 00037588				
Jai Prakash Khandelwal	Non - Executive Independent Director	NIL	NIL	NIL
DIN: 08361188				
Bridhi Chand Sharma	Non - Executive Independent Director	NIL	NIL	NIL
DIN: 08370330				

Notes :

1. Directorships exclude Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

2. Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders' Relationships Committee in Indian Public Limited companies other than K G Petrochem Limited. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairperson of more than five such Committees.

3. Mr. Gauri Shaker Kandoi, Mrs. Prity Singhal and Mr. Manish Singhal are related to each other.

As per the sub clause 'h' of clause 2 of part C of Schedule V of SEBI (LODR) Regulations, 2015 the Board has identified the following list of core skills/ expertise/ competencies required in the context of the Company's business which are available with the Board:

1. Leadership/ Operational Experience
2. Strategy and Planning
3. Industry Experience, Research & Development and Innovation
4. Global Business
5. Corporate Governance
6. Financial, Regulatory/ Legal and Risk Management

Name of the Director	Area of Expertise
Gauri Shanker Kandoi	Leadership/Operational Experience, Industry experience, Global Business, Financial, Regulatory/ Legal & Risk Management,
Manish Singhal	Leadership/Operational Experience, Strategic and Planning, Industry experience, Research & Development and Innovation, Global Business,
Prity Singhal	Strategic and Planning, Industry experience, Global Business,
Kamlesh Sharma	Industry experience, Financial, Regulatory/ Legal & Risk Management, Corporate Governance
Jai Prakash Khandelwal	Leadership, Industry experience, Financial, Regulatory
Bridhi Chand Sharma	Industry experience, Regulatory/Legal & Risk Management, Corporate Governance

**(b) Board Meeting:**

The Board of Directors of the Company met four times on 30.05.2019, 14.08.2019, 14.11.2019, and 14.02.2020 during the financial year ended 31st March, 2020. The maximum time gap between two meetings was not more than 120 days as mentioned in Section 173 of the Companies Act, 2013. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board from time to time. The attendance of each Director at these meetings and the last Annual General Meeting was as under:

S.No.	Name of the Director	Number of Board Meetings held during the tenure of directorship and attended by them		Attendance at last AGM held on 09.09.2019
		HELD	ATTENDED	
1	Shri Gauri Shanker Kandoi	4	4	YES

2	Shri Manish Singhal	4	4	YES
3	Smt. Prity Singhal	4	4	YES
4	Shri Kamlesh Sharma	4	4	YES
5	Shri Jai prakash khandelwal	4	4	YES
6	Shri Bridhi Chand Sharma	4	4	YES

The Board of the Company is provided with detailed notes along with the agenda papers in advance in respect of various items discussed in the Board meetings including particularly the followings:

1. Annual Business Plan including financial and operational plan.
2. Quarterly/ Yearly financial statement.
3. Review of operation of Divisions.
4. Quarterly statutory compliance report.
5. Minutes of meeting of Audit Committee and other committees of the Board.
6. Appointment of senior executives.
7. Show cause, demand and other notices, which are materially important.

Tenure of Directorship of Mr. Manish Singhal who has been longest in the office, is liable to retire by rotation as per Companies Act, 2013 at the 40<sup>th</sup> Annual general Meeting and being eligible, offer herself for re-appointment.

#### **(c) Separate Meeting of Independent Directors**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing (Obligation and Disclosure Requirements) Regulation, 2015, a separate meeting of the Independent Directors of the Company was held on 03.02.2020 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.

#### **(d) Code of Business Conduct and Ethics for Directors and Senior Management**

KG's Principles are enshrined a Code of Conduct of all are board members and senior management of the company. The Code of Conduct has been posted on the website of the company [www.kgpetro.in](http://www.kgpetro.in). the Code of Conduct has been circulated to all the members of the board and senior management personal and they have affirmed their compliance with the said Code of Conduct for the financial year 31.03.2020.

#### **(e) Evaluation of the Board's Performance**

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

### **III. AUDIT COMMITTEE:**

(a) As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibility, an Audit Committee has been constituted; The Chairman of the committee is an Independent Director, elected by the Members of the Committee. All members are Non-Executive and Independent Directors and each member have rich experience in financial sector. Mr. Jai Prakash Kahandelwal, Chairman of the Audit Committee was present at the Four meetings of the Audit Committee were held during the year viz. on May 30, 2019, August 14, 2019, November 14, 2019 and February 14, 2020 respectively. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Jai Prakash Khandelwal	Chairman	Non-Executive Independent Director	4
2	Mr. Kamlesh Sharma	Member		4
3	Mr. Bridhi Chand Sharma	Member		4

(b) Terms of reference: The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Section 177 of the Companies Act, 2013.

(c) The Audit Committee invites CEO & Whole Time Director, Chief Financial Officer and Senior Executives of Accounts Department for each meeting, to provide inputs on issues relating to accounts, taxation, internal audit finding, internal controls, risk managements etc. The minutes of the meetings of the Audit Committee are placed before the Board for their information and confirmation. The Audit Committee also acting under Vigil Mechanism.

#### IV. NOMINATION AND REMUNERATION COMMITTEE:-

(a) The Board has framed Nomination and Remuneration committee for set up and evaluates compensation and benefits for the directors & their relatives and frame policies and system thereof.

One meetings of the Nomination and Remuneration Committee were held during the year viz. on Nov 05, 2019. The composition of the Nomination and Remuneration Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Kamlesh Sharma	Chairman	Non-Executive Independent Director	1
2	Mr. Jai Prakash Khandelwal	Member		1
3	Mr. Bridhi Chand Sharma	Member		1

(b) Terms of reference: The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as well as section 178 of the Companies Act, 2013.

(c) Performance evaluation criteria for Independent Directors-  
The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under-

#### AREAS OF EVALUATION

1. Frequency of meetings attended
2. Timeliness of circulating Agenda for meetings and descriptiveness
3. Quality, quantity and timeliness of flow of information to the Board
4. Promptness with which Minutes of the meetings are drawn and circulated
5. Opportunity to discuss matters of critical importance, before decisions are made

6. Familiarity with the objects, operations and other functions of the company
7. Importance given to Internal Audit Reports, Management responses and steps towards improvement
8. Exercise of fiscal oversight and monitoring financial performance
9. Level of monitoring of Corporate Governance Regulations and compliance
10. Adherence to Code of Conduct and Business ethics by directors individually and collectively
11. Monitoring of Regulatory compliances and risk assessment
12. Review of Internal Control Systems
13. Performance of the Chairperson of the company including leadership qualities.
14. Performance of the Whole time Director
15. Overall performance of the Board/ Committees.

## V. Remuneration of Directors

(a) Details of Remuneration to Directors: The Company has paid the following remuneration to Directors during the year under review, which is in accordance with the section 197 of the Companies Act, 2013.

(i) Non-Executive Directors:

The Board of Directors of the company decided that Non-Executive directors are not entitled to get any remuneration, sitting fee and stock options.

(ii) Whole Time Directors

Executive Director	Business relationship with the company, if any	Remuneration paid during 2019-20 (Rs. in lacs)		
		All elements of remuneration package i.e. salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Stock option details, if any
Manish Singhal	Managing Director	96	0	0
Gauri Shanker Kandoi	Whole Time Director	96	0	0
Prity Singhal	Whole Time Director	54	0	0

## VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

- i. The Stakeholder Relationship Committee looks into shareholders' and investors' grievances. Mr. Bridhi Chand Sharma, Independent Director is the Chairperson of the Committee.
- ii. One meetings of the Stakeholders Relationship Committee were held during the year viz. on June 06, 2019. The composition of the Stakeholders Relationship Committee and details of their attendance at the meetings are as follows:

S.No.	Name of the Director	Position	Category	No. of meetings attended
1	Mr. Bridhi Chand Sharma	Chairman	Executive Director	1
2	Mr. Gauri Shanker Kandoi	Member	Executive Director	1
3	Mr. Manish Singhal	Member	Executive Director	1

- iii. Number of investors' complaints received by the RTA/ Company during the year: Nil  
 Number of complaints not solved to the satisfaction of shareholders during the year: Nil  
 Number of complaints pending as at 31st March, 2020: Nil

## Warning against Insider Trading

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

## **VII. CSR COMMITTEE**

- i. The Board of Directors, last year constituted "Corporate Social Responsibility Committee" as required under Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee recommends to the board Corporate Social Responsibility Policy and the CSR initiatives and it also monitors implementation of the activities undertaken as per the policy.
- ii. One meeting of the CSR Committee was held during the year viz. on March 10, 2020. The composition of the CSR Committee and details of their attendance at the meetings are as follows:

<b>S.No.</b>	<b>Name of the Director</b>	<b>Position</b>	<b>Category</b>	<b>No. of meetings attended</b>
1	Mr. Gauri Shanker Kandoi	Chairman	Executive Director	1
2	Mr. Manish Singhal	Member	Executive Director	1
5	Mr. Bridhi Chand Sharma	Member	Independent Director	1

## **VIII. FINANCE COMMITTEE:**

- i. The Finance Committee looks into financial matters like opening and closing bank account, taking loan from bank and financial institutions, arrange finance for new projects, reschedule financial structure of the company etc.

- ii. Seven meeting of the Finance Committee was held during the year viz. The composition of the Finance Committee and details of their attendance at the meetings are as follows:

<b>S.No.</b>	<b>Name of the Director</b>	<b>Position</b>	<b>Category</b>	<b>No. of meetings attended</b>
1	Mr. Gauri Shanker Kandoi	Chairman	Executive Director	7
2	Mr. Manish Singhal	Member	Executive Director	7
3	Mr. Bridhi Chand Sharma	Member	Independent Director	7

- iii. 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.500 Crore 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. Review of banking arrangement and taking all necessary actions connected therewith including refinancing for optimization of borrowing costs (subject to overall limit of borrowing).

3. Review of the Company's financial policies, strategies and capital structure.

4. Review of Term loan/working capital and cash flow management.

5. Consider viability for issuance of new modes of securities including foreign funds subject to laws applicable.

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

## **IX. GENERAL BODY MEETINGS**

The details of last three Annual General Meeting is as under

<b>Year</b>	<b>Venue</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolution passed</b>
37th 2017	C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan	21.09.2017	10:30 AM	Three
38th 2018	F-394(G), Road No. 9F2, VKI Area, Jaipur-302013	31.08.2018	10:30 AM	One
39th 2019		09.09.2019	11:00 AM	Four

## **X. MEANS OF COMMUNICATION:**

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and approved by the Board; and thereafter regularly published in the prominent newspapers like Financial Express and Business Remedies, etc. as required and also posted on our website: [www.kgpetro.in](http://www.kgpetro.in).

## **XI GENERAL SHAREHOLDERS' INFORMATION**

(i) Annual General Meeting to be held:

Day : Monday

Date : 21.09.2020

Time : 11.00 A.M.

Venue : F-394(G), ROAD NO. 9F2, VKI AREA, JAIPUR - 302013 RAJASTHAN

(ii) Financial Year : 1st April, 2019 to 31st March, 2020

(iii) Stock Exchanges on which the Company's Shares are listed:

The Bombay Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai – 400 001

The Listing Fees as applicable have been paid within prescribed time period.

(iv) Stock Code:

ISIN under depository system

INE902G01016

The Stock Exchange, Mumbai

531609

(v) Market Price Data: High/Low during each month during the financial year 2019-2020:  
The details of Monthly High and Low price(s) on the Stock Exchange, Mumbai, for the Financial Year 2019-2020 are as under:

Month	Monthly High	Monthly Low	Monthly Volume	BSE SENSEX Monthly High	BSE SENSEX Monthly Low
April, 2019	84.00	75.95	1410	39487.45	38,460.25
May, 2019	88.20	84.00	4382	40124.96	36,956.10
June, 2019	102.90	87.00	2517	40312.07	38,870.96
July, 2019	95.00	95.00	1	40032.41	37,128.26
August, 2019	95.00	86.50	2397	37807.55	36,102.35
September, 2019	95.00	86.60	2180	39441.12	35,987.80
October, 2019	92.00	73.25	2376	40392.22	37,415.83
November, 2019	81.55	71.00	1284	41163.79	40,014.23
December, 2019	74.90	71.35	724	41809.96	40,135.37
January, 2020	82.65	74.90	767	42273.87	40,476.55
February, 2020	85.00	76.95	214	41709.30	38,219.97
March, 2020	78.00	66.80	105022	39083.17	25,638.90

(vi) Registrar & Share Transfer Agent:

Niche Technologies Pvt. Ltd. 3A, Auckland Place, 7th Floor, Room No. 7A & 7B, Kolkata-700001

(vii) Share Transfer System:

In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed Niche Technologies Private Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/ re-materialization of securities.

**(viii) Distribution of Shareholding as on March 31, 2019:**

No. of equity shares held	Number	% to Total	Total Shares	% of Total Shares
Up to 500	342	72.92	54888	1.05
501 to 1000	82	17.48	70618	1.35
1001 to 5000	28	5.97	48665	0.93
5001 to 10001	1	0.21	5600	0.11
10001 to 50000	5	1.07	88116	1.69
50001 to 100000	1	0.21	52600	1.01
100001 to above	10	2.13	4900513	93.86
Total	469	100.00	5221000	100.00

**(ix) Categories of Shareholding as on March 31, 2020:**

Category	No. of Shares held	% of Shareholding
Indian Promoters, Directors & their relatives	3897622	74.65
Foreign Promoters	Nil	Nil
UTI/Financial Institutions & Banks	Nil	Nil
Body Corporate	264697	5.07
NRI/ OCB/ Clearing House/ Public Trust	94902	1.82
Foreign Institutional Investors	Nil	Nil
Indian Public	963779	18.46
Total	5221000	100.00

**(x) Dematerialization of shares:**

The Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to handle dematerialization of shares. As on March 31, 2020, a total of 591950 equity shares which form 97.53% of the share capital stand dematerialized

**(xi) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments**

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

**(xii) Plant Location**

- Bhavik Terryfab (A Unit of K G Petrochem Ltd.), Plot no. SP-4/3, RIICO Industrial Area, Village Keswana, Teh. Kotputli, Jaipur-303108 Rajasthan
- Mantika Gartex (A Unit of K G Petrochem Ltd.) C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan
- Ultra Polycoats (A Unit of K G Petrochem Ltd.), Plot no. SP-4/3A, RIICO Industrial Area, Village Keswana, Teh. Kotputli, Jaipur-303108 Rajasthan
- (d.) Anusha Textfab (A Unit of K G Petrochem Ltd.) C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan

**(xiii) Address for Correspondence:**

(a) For Transfer of physical shares,  
request for dematerialization of  
shares, change of mandates/  
address or any other query  
(b) For any investor grievance :

:Niche Technologies Pvt. Ltd.,  
3A, Auckland Place, 7th Floor,  
Room No. 7A & 7B, Kolkatta-700001.

The Company Secretary  
K G Petrochem Limited  
C-171, Road No. 9J, V.K.I Area,  
Jaipur-302013 Rajasthan (India)



**(xiv) Other Disclosure**

- i. The Company has followed all the relevant accounting standards to the extent applicable.
- ii. All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business of the Company. There is no materially significant related party transaction made by the Company with Promoters, Directors, Key Managerial Personnel or other Designated Persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee and the Board for approval. The policy on related party transactions as approved by the Board is uploaded on the Company's website i.e. [www.kgpetro.in](http://www.kgpetro.in) as per Regulation 23 of the SEBI (LODR) Regulations, 2015.
- iii. There are no pecuniary relationships or transaction of Non Executive Director vis-à-vis the Company which had any potential conflict with the interest of the Company at large.
- iv. There is no instance of non-compliance during the period under review. Also, no penalties and strictures have been imposed either by SEBI or by the stock exchanges or any other statutory authorities on any matter related to the capital market during the last three years.
- v. Pursuant to section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI(LODR) Regulations, 2015, the Company has a Whistle Blower Policy for establishing a vigil mechanism for Directors and employees. The policy has been hosted on the website of the Company at [www.kgpetro.in](http://www.kgpetro.in).
- vi. The Company has received a certificate from M/s. ARMS & Associates LLP, Practicing Company Secretaries certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority for the financial year ending on 31<sup>st</sup> March, 2020, which is annexed as **Annexure A** at the end of this report.

**(xv) Compliance Certificate**

A certificate as required under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015 on financial statements for the financial year ended on 31<sup>st</sup> March, 2020 is annexed as **Annexure B** at the end of this report.

**(xvi) Compliance Certificate on Corporate Governance**

As required under Regulation 34(3) read with Part E of Schedule V of the SEBI (LODR) Regulations, 2015, a certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance is annexed as **Annexure C** at the end of this report.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members,  
K G Petrochem Limited  
C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of K G Petrochem Limited having CIN: L24117RJ1980PLC001999 and having registered office at C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para- C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN
1.	Gauri Shanker Kandoi	00120330
2.	Prity Singhal	02664482
3.	Manish Singhal	00120232
4.	Kamlesh Sharma	00037588
5.	Jai Prakash Khandelwal	08361188
6.	Bridhi Chand Sharma	08370330

Ensuring the eligibility of, for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Jaipur**  
**Date: 25<sup>th</sup> August, 2020**  
**UDIN: F005398B000611531**

**For ARMS and Associates LLP**  
**Company Secretaries**  
**ICSI URN: P2011RJ023700**

**Sandeep Kumar Jain**  
**Designated Partner**  
**FCS 5398 CP No.4151**

**MD AND CFO CERTIFICATE**

*Under Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015*

To,  
The Board of Directors,  
K G Petrochem Limited  
C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan

I, Shiv Ratan Sharma, Chief Financial Officer of K G Petrochem Limited, to the best of knowledge and belief, certify that:

1. I have reviewed financial statements (Balance Sheet, Statement of Profit & Loss and all the Schedules and Notes to Accounts) and the Cash Flow Statement and Board's Report for the financial year 2019-20 and based on my knowledge, belief and information:
  - a. These statements do not contain any materially untrue statement, omit any material fact, or contain any statement that may be misleading.
  - b. These statements and other information included in this annual report present a true and fair view of Company's affair and are in compliance with current accounting standards, applicable laws and regulation.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the financial year 2019-20 are fraudulent, illegal or violative of the Company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to ratify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - a. significant changes in internal control over financial reporting during the year
  - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Manish Singhal**  
(Managing Director)

**Shiv Ratan Sharma**  
(Chief Financial Officer)

Date: 26.08.2020  
Place: Jaipur

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

To,  
The Members,  
K G Petrochem Limited  
C-171, Road No. 9J, VKI Area, Jaipur-302013 Rajasthan

We have examined the compliance of conditions of Corporate Governance by K G Petrochem Limited ('the Company'), for the year ended on 31st March, 2020, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

**Management's Responsibility for compliance with the conditions of SEBI Listing Regulations**

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

**Our Responsibility**

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Company.

We have conducted our examination in accordance with the Guidance Note on Corporate Governance Certificate and the Guidance Manual on Quality of Audit & Attestation Services issued by the Institute of Company Secretaries of India ("ICSI").

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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

**Restriction on use**

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For ARMS and Associates LLP**  
**Company Secretaries**  
**ICSI URN: P2011RJ023700**

**Place: Jaipur**  
**Date: 25<sup>th</sup> August, 2020**  
**UDIN: F005398B000611553**

**Sandeep Kumar Jain**  
**Designated Partner**  
**FCS 5398 CP No.4151**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### WORLD ECONOMY

In the World Economic Outlook, April 2020, the International Monetary Fund (IMF) has forecasted that global economy is projected to contract sharply down by 3 percent in 2020, experiencing the worst recession since the great recession during 2008-2009. With mass shutdowns becoming the new norm, the COVID-19 pandemic has caused unprecedented amount of uncertainty in our day to day lives and this crisis has sent the economy on a tailspin around the world. However, the outcome of any crisis is a new perspective on how to get work done and to maintain a level of normalcy in the face of new challenges.

### INDIAN ECONOMY

India's galloping GDP growth which was aiming for USD 5 Trillion by 2024 seems to have reached a sudden hurdle in the wake of a crisis of an unprecedented magnitude. With stock markets declining and the rupee depreciating, the economy at large has taken a hit. To fight against the COVID-19 pandemic, the Indian Government has taken special economic measures and these measures need to be calibrated considering economic necessities. While there has been an adverse impact across business sectors such as automobile, aviation, and luxury goods are amongst the major ones which would bear the brunt of the current challenges. As there is little visibility on how long the pandemic would last, the economic impact could range from a mild downturn to a severe slowdown. ket share.

### OPERATION OVERVIEW

Your company is engaged in the business of manufacturing and services as under:-

- i. Manufacturing and marketing of Terry Towel, Made-ups & Garments etc. in the international market as well as domestic - Textile Division.
- ii. Manufacturing and marketing of Garments Products i.e. Bath Robe, Pillow, Cushion Cover and Quilts etc. – Garment Division.
- iii. Consignment Stockiest of GAIL (I) LTD. for marketing and distribution of polymers in Rajasthan-Agency Division.
- iv. Technical Textiles - Manufacturing of Artificial leather through technical textile

### SEGMENT ANALYSIS AND REVIEW

#### A. TEXTILE DIVISION:

Textile division of the Company has performed well. During the year, the division booked substantial growth in the export Turnover, overall revenue from operations has substantial changes. The division also accelerates its growth in the export (FOB) turnover increased from Rs. 19,717.37 lacs to Rs.24714.71 Lacs.

#### B. TECHNICAL TEXTILE:

During the year, its revenue from operation was Rs. 3777.85 Lacs. During the year company has started production with the 2 coating line. KG has successfully started production of PU based synthetic leather. These PU based artificial leathers tend to be higher-quality than competing products, stimulating demand among the automotive, footwear and clothing industry.

#### C. AGENCY DIVISION:

During the year the agency division has sold HDPE/LLDPE Granules 21639.87 Mt. amounting to Rs. 19861.75 Lacs in comparison of 20635.00 Mt. amounting of Rs.22073.00 lacs and earned commission of Rs.88.39 lacs (before tax) as compared to last year Rs. 82.01 Lacs. The division has performed well during the year under review.

### OPPORTUNITIES & THREATS

The Company is exposed to risk from market interest rates and increase of raw material prices, compliance risk, people risk, currency movements, change in Indian government policies and competition. The

Company proactively manages these risks through forward booking and Inventory Management, proactive management of vendor development and relationships, and Company's strong reputation for quality, product, differentiation and services. The Company is mitigating the compliance risk through regular review of legal compliances through internal as well as external compliance. Company's strategy of providing end-to-end solutions and innovative products, hedges significant portion of its export revenues expected for the following year, The Company continuously monitors govt policies and take measures to minimize any adverse impact and maintaining strong relationship with clients helps in reducing competitive risks. Rising of Rupees against USD will be a big loss to the company along with few changes made in GST regime

### **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.

### **INTERNAL CONTROL SYSTEM**

The corporate audit division headed by Chief Financial Officer continuously monitors the effectiveness of the internal controls with an objective to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. The division also assesses opportunities for improvement in business processes, systems & controls; provides recommendations, designed to add value to the organization and follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee of the Board of Directors.

### **RISK & CONCERNS**

The Company is exposed to risk from market interest rates and increase of raw material prices, compliance risk, people risk, currency movements, change in Indian government policies and competition. The Company is impacted by the change in the business environment both within the Country and globally and this necessitates continues evaluation. The Company proactively manages these risks through forward booking and Inventory Management, proactive management of vendor development and relationships, and Company's strong reputation for quality, product, differentiation and services. The Company is mitigating the compliance risk through regular review of legal compliances through internal as well as external compliance. Company's strategy of providing end-to-end solutions and innovative products, hedges significant portion of its export revenues expected for the following year, The Company continuously monitors govt policies and take measures to minimize any adverse impact and maintaining strong relationship with clients helps in reducing competitive risks. Rising of Rupees against USD will be a big loss to the company along with few changes made in GST regime.

### **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.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

We look our employees as our most valuable assets and have been working towards keeping them motivated and enthused. 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.

**Form No. MR-3**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2020**

**To,  
The Members,  
K G Petrochem Limited  
C-171, Road No. 9J, VKI Area, Jaipur-302013, Rajasthan**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s K G Petrochem Limited (CIN L24117RJ1980PLC001999)** (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 (“Audit Period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)

- Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
  - i. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) 2015
- vi. As confirmed by the management, there are no sector specific laws that are applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited (BSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We Further Report That**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above.

**Date: 25<sup>th</sup> August, 2020**  
**Place: Jaipur**

**for ARMS and Associates LLP**  
**Company Secretaries**  
**ICSI URN: P2011RJ023700**

**CS Sandeep Kumar Jain**  
**Designated Partner**  
**FCS 5398 C.P.No.4151**  
**UDIN: F005398B000611520**

This report is to be read with our letter of even date which is annexed as 'Annexure –A' and form an integral part of this report.



**To,  
The Members,  
K G Petrochem Limited  
C-171, Road No. 9J, VKI Area, Jaipur-302013 RJ**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the Provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
- 6 The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Date: 25<sup>th</sup> August, 2020  
Place: Jaipur**

***for ARMS and Associates LLP*  
Company Secretaries  
ICSI URN: P2011RJ023700**

**CS Sandeep Kumar Jain  
Designated Partner  
FCS 5398 C.P.No.4151  
UDIN: F005398B000611520**



**R Sogani & Associates**  
Chartered Accountants

“Shree Dham”  
R-20, Yudhishter Marg, ‘C’-Scheme, Jaipur - 302005  
Tel: 2222734, 2220735, 2220736  
E-mail: [rsa@soganiprofessionals.com](mailto:rsa@soganiprofessionals.com)  
Website: [www.soganiprofessionals.com](http://www.soganiprofessionals.com)

## **Independent Auditor’s Report**

To  
The Members of KG Petrochem Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of KG Petrochem Limited (“the Company”) which comprise the Balance Sheet as at 31 March, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow Statement for the year ended on that date and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (“IND AS”) and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, the profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act 2013. Our responsibilities under those Standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that



are relevant to our audit of the financial statements under the provisions of the Companies Act 2013 and the Rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

Attention has to be drawn to Note No. 52 to the financial statements regarding the uncertainties arising out of the outbreak of COVID-19 pandemic and the assessment made by the management on its business and financials, including valuation of assets, policy liabilities and solvency for the year ended March 31, 2020, this assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in subsequent periods. Our opinion is not modified on the above matter.

### **Key Audit Matters**

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.NO.	KEY AUDIT MATTER	AUDITOR'S RESPONSE
1	<b>Trade Receivables Recoverability:</b> The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and	Our audit procedures related to the allowance for expected credit losses for trade receivables included the following, among others:  <u>We tested the effectiveness of controls over the:</u> <ul style="list-style-type: none"><li>• Development of the methodology for the allowance for credit</li></ul>



	<p>anticipated future economic conditions relating to industries the Company deals with.</p> <p>In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.</p> <p>We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses with reference to recoverability of trade receivables.</p> <p>Refer Note No. 11 to the financial statements.</p>	<p>losses, including consideration of the current and estimated future economic conditions</p> <ul style="list-style-type: none"> <li>Completeness and accuracy of information used in the estimation of probability of default and</li> </ul> <p><u>For a sample of customers:</u></p> <p>We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information.</p>
2	<p><b><u>Impairment of Property Plant and Equipment:</u></b></p> <p>As at 31 March 2020, the value of property, plant and equipment held by the Company is Rs. 1,56,13.41 Lacs as disclosed in</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the judgments regarding identification of assets.</li> </ul>



	<p>Note No. 6 to the financial statements.</p> <p>Determining the recoverable amount of the assets requires a number of significant judgment and estimates, especially in respect of the amount of future cash flows and applied discounting rate. The projected operating cash flows from upstream activities are influenced by assumptions concerning future prices. These projections are exposed to significant variability due to changing market condition.</p>	<ul style="list-style-type: none"> <li>Critically assessing the valuation report containing assumptions and estimates used to determine the recoverable amount of property, plant and equipment.</li> </ul>
3	<p><b><u>Replacement and component based accounting in Property, Plant and Equipment:</u></b></p> <p>There are number of areas where management judgment is involved in respect of useful life in component based accounting in property, plant and equipment and while derecognizing as a replacement accounting in property plant and equipment.</p> <p>Refer Note No. 4.7 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <p>We tested controls in place over the property, plant and equipment cycle, evaluated the appropriateness of capitalization policies, performed tests of details on costs capitalized and assessed the timeliness of the transfer of assets and the application of the asset life including component assets life.</p> <p>In performing these substantive</p>



		<p>procedures, we assessed the judgments made by management including:</p> <ul style="list-style-type: none"><li>• The nature of underlying component costs capitalized as part of the cost of the assets;</li><li>• The appropriateness of asset life applied in the calculation of depreciation; and</li></ul> <p>No issues were noted from our testing.</p>
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**Information other than the Financial Statements and Auditor’s Report thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. On audit report date, we have nothing to report in this regard, because the annual report is expected to be made available to us after the date of this auditor report.



### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position financial performance total comprehensive income changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Company's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when



it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery intentional omissions misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013 we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our





auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and(ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013 we give in the “Annexure A” statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

1. As required by Section 143(3) of the Act we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate Report in “Annexure B”.



**R Sogani & Associates**  
Chartered Accountants

“Shree Dham”  
R-20, Yudhishter Marg, ‘C’-Scheme, Jaipur - 302005  
Tel: 2222734, 2220735, 2220736  
E-mail: rsa@soganiprofessionals.com  
Website: www.soganiprofessionals.com

- g. In our opinion and to the best of our information and according to the explanation given to us the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 read with Schedule V to the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014 in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial positions in its financial statements – Refer note 42 to the financial statements.
- ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses if any on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Place: Jaipur**

**Date: 07.07.2020**

**For R Sogani & Associates**  
**Chartered Accountants**

**FRN: 018755C**

**BHARAT**  
**SONKHI**  
**YA**  
Digitally signed  
by BHARAT  
SONKHIYA  
Date: 2020.07.07  
18:59:00 +05'30'

**(Bharat Sonkhiya)**

**Partner**

**UDIN: 20403023AAAAEM8437**

**Membership No.: 403023**



**ANNEXURE - A REFERRED TO IN THE AUDITOR'S REPORT ON THE ACCOUNTS  
OF KG PETROCHEMLIMITED FOR THE YEAR ENDING 31 MARCH, 2020**

As required by the Companies (Auditor's report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 we report that:

1) In respect of fixed assets:

- a. According to information and explanation given to us, The Fixed Asset Register of the Company has been under the process of Updation.
- b. As explained to us, the fixed assets have been physically verified by the management during the year at reasonable intervals.
- c. According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

2) In respect of its inventories:

As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

3) In respect of loans:

According to the information and explanations given to us, the Company has not granted any loans secured and unsecured to companies, firms and other parties covered in the register maintained under section 189 of Companies Act 2013.



- 4) As per information and explanations provided to us in respect of loans, investments, guarantees and securities, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- 5) According to the information and explanations given to us the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any relevant provisions of the Companies Act, 2013 and the rules made there under.
- 6) In respect of cost records:  
We have been explained that the maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 for the period under review for any of the products.
- 7) In respect of statutory dues:
  - (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Goods and service tax, Cess and other material statutory dues as recorded in books of accounts applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding at the yearend for a period 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 Income Tax, Wealth tax, Sales Tax, Value Added Tax, Service Tax, Custom duty and Excise Duty and Goods and Service Tax which have not been deposited on account of any dispute except the following:



<b>Nature of Dispute</b>	<b>Amount (In Rs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Civil Suit against the Company	13,75,622/- with interest	F.Y. 2009-10	Bombay High Court

8) In respect of repayment of dues:

As per information and explanation given to us the Company has not defaulted in repayment of any amount to a financial institution or bank or debenture holders.

9) In our opinion and according to the information and explanation given to us term loans have been applied for the purposes for which they were obtained.

10) According to the information and explanations provided to us we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees noticed or reported during the year nor we have been informed of any such case by the Management except the information that an employee of the Company was involved in cash theft amounting to Rs. 66,22,500/- during the preceding year and the year under audit. The Company has recovered the said amount from the employee during the course of investigation before the end of the reporting period.

11) In respect of managerial remuneration:

According to the information and explanations given to us we report that managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act 2013.

12) The Company is not a Nidhi Company. Therefore, this clause is not applicable to the Company.



**R Sogani & Associates**  
Chartered Accountants

“Shree Dham”  
R-20, Yudhishter Marg, ‘C’-Scheme, Jaipur - 302005  
Tel: 2222734, 2220735, 2220736  
E-mail: rsa@soganiprofessionals.com  
Website: www.soganiprofessionals.com

13) In respect of related parties:

All transactions with the related parties are in compliance with Section 188 and 177 of Companies Act 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act 2013.

14) In respect of preferential allotment / private placement of shares:

The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.

15) In respect of Non-cash transactions with directors:

The Company has not entered into any non-cash transactions with directors or persons connected with him.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**Place: Jaipur**

**Date: 07.07.2020**

**UDIN: 20403023AAAAEM8437**

**For R Sogani & Associates**

**Chartered Accountants**

**FRN: 018755C**

**BHARAT** Digitally signed  
by BHARAT  
**SONKHIYA**  
Date:  
2020.07.07  
18:58:27 +05'30'

**(Bharat Sonkhiya)**

**Partner**

**Membership No.: 403023**



**R Sogani & Associates**  
Chartered Accountants

“Shree Dham”  
R-20, Yudhishter Marg, ‘C’-Scheme, Jaipur - 302005  
Tel: 2222734, 2220735, 2220736  
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## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KG PETROCHEM LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of KG Petrochem Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act 2013 to the extent applicable to an audit of internal financial controls both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.





Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of



**R Sogani & Associates**  
Chartered Accountants

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Website: [www.soganiprofessionals.com](http://www.soganiprofessionals.com)

controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has in all material respects judging by the nature and quantum of transactions appearing in the financial statements an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Place: Jaipur**  
**Date: 07.07.2020**

**UDIN: 20403023AAAAEM8437**

**For R Sogani & Associates**  
**Chartered Accountants**  
**FRN: 018755C**

BHARAT  
SONKHIYA

Digitally signed by  
BHARAT SONKHIYA  
Date: 2020.07.07  
18:57:08 +05'30'

**(Bharat Sonkhiya)**  
**Partner**  
**Membership No.: 403023**

**K G PETROCHEM LIMITED, JAIPUR**  
**CIN: L24117RJ1980PLC001999**  
**Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013**  
**Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013**  
**BALANCE SHEET AS AT 31st MARCH, 2020**

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	6	15,613.41	14,543.60
(b) Capital work-in-progress	7	302.06	1,122.08
(c) Financial Assets			
(i) Others Financial Assets	8	267.83	220.73
(d) Other Non Current Assets	9	11.68	15.98
<b>Current assets</b>			
(a) Inventories	10	6,092.07	5,931.94
(b) Financial Assets			
(i) Trade Receivables	11	7,260.30	7,257.91
(ii) Cash and Cash Equivalents	12	39.77	55.96
(iii) Others Current Financial Assets	13	2,022.71	807.75
(c) Current Tax Assets (Net)			
(c) Other Current Assets	14	2,388.85	1,725.08
<b>Total Assets</b>		<b>33,998.68</b>	<b>31,681.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	15	581.53	581.53
(b) Other Equity	16	12,458.17	10,711.08
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	6,136.46	6,576.67
(b) Deferred Tax Liabilities (Net)	18	243.02	564.61
(c) Other Non Current Liabilities	19	945.99	866.94
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	7,003.15	5,261.82
(ii) Trade Payables	21		
(a) Total Outstanding due to MSME		198.51	98.90
(b) Total Outstanding other than MSME		2,579.00	3,574.05
(iii) Other Financial Liabilities	22	3,361.08	2,877.03
(b) Other Current Liabilities	23	132.56	140.60
(c) Provisions	24	263.23	222.37
(d) Current Tax Liabilities (Net)	25	95.98	205.42
<b>Total Equity and Liabilities</b>		<b>33,998.68</b>	<b>31,681.03</b>

Significant accounting policies & Notes to  
Standalone Financial Statements

1 to 52

In terms of our separate Audit Report of even date

For & on behalf of the Board

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants  
FRN: 018755C

**FOR K G PETROCHEM LTD.**

(G. S. KANDOI)  
Chairman Cum Managing Director  
DIN: 00120330

(MANISH SINGHAL)  
Director  
DIN: 00120232

**(BHARAT SONKHIYA)**

Partner  
M. No. 403023

(PRITY SINGHAL)  
Director  
DIN: 0002664482

(SHIV RATAN SHARMA)  
CFO

Place : JAIPUR

Dated: 07-07-2020

**K G PETROCHEM LIMITED, JAIPUR**

CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013

Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2020**

(Amount in lakhs)

Particulars	Note No.	For the period ended 31.03.2020	For the period ended 31.03.2019
I Revenue From Operations	26	32,947.73	24,907.43
II Other Income	27	807.51	758.26
<b>III Total Income (I+II)</b>		<b>33,755.24</b>	<b>25,665.69</b>
<b>IV EXPENSES</b>			
Cost of Material Consumed	28	15,222.82	13,899.55
Changes in inventory of finished goods	29	512.36	(2,196.57)
Manufacturing expense	30	7,825.16	6,388.22
Employee benefits expense	31	2,832.08	2,390.41
Finance costs	32	850.96	677.70
Depreciation and amortization expense	6	1,772.48	1,704.77
Other expenses	33	2,136.79	1,276.63
<b>Total expenses (IV)</b>		<b>31,152.65</b>	<b>24,140.71</b>
V Profit/(loss) before exceptional items and tax (I- IV)		<b>2,602.59</b>	<b>1,524.98</b>
VI Exceptional Items	34	548.33	-
VII Profit/(loss) before tax (V-VI)		2,054.26	1,524.98
VIII Tax expense:			
(1) Current tax		640.00	360.00
(2) Tax of earlier year	35	-11.23	93.71
(3) Deferred tax		(321.60)	201.72
IX Profit (Loss) for the period from continuing operations (VII-VIII)		1,747.09	869.55
X Profit/(loss) for the period		1,747.09	869.55
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		-	4,498.76
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XII Total Comprehensive Income for the period (X+XI)(Comprising Profit(Loss) and Other Comprehensive Income for the period)		1,747.09	5,368.31
<b>Earnings per equity share (After exceptional items)</b>			
XIII Basic		33.46	16.65
Diluted		33.46	16.65

In terms of our separate Audit Report of even date

For & on behalf of the Board

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants

FRN: 018755C

**FOR K G PETROCHEM LTD.**

**(BHARAT SONKHIYA)**

Partner

M. No. 403023

**(G. S. KANDOI)**

Chairman Cum Managing Director

DIN: 00120330

**(MANISH SINGHAL)**

Director

DIN: 00120232

**(PRITY SINGHAL)**

Director

DIN: 0002664482

**(SHIV RATAN SHARMA)**

CFO

**Place : JAIPUR**

**Dated: 07.07.2020**

**K G PETROCHEM LIMITED, JAIPUR**  
**CIN: L24117RJ1980PLC001999**  
**Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013**  
**Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013**  
**STATEMENT OF CHANGES IN EQUITY**

**A. Equity Share Capital**

(Amount in lakhs)

Balance at the beginning of the reporting period	Changes in equity share capital during the Current Year	Balance at the end of the reporting period
581.53	-	581.53

**B. Other Equity**

(Amount in lakhs)

Particulars	Reserves and Surplus		other comprehensive income		Total
	General Reserve	Retained Earnings	Revaluation Reserve	Equity Instruments through Other Comprehensive Income	
<b>Balance as at April 1,2018</b>	36.47	5,306.30	-	-	5,342.75
Profit for the year	-	869.55	-	-	869.55
Addition during the year	16.25	-	4,498.76	-	4,515.01
Transferred during the year	-	-	(16.25)	-	(16.25)
<b>Balance as at March 31, 2019</b>	52.72	6,175.85	4,482.51	-	10,711.08
<b>Balance as at 1st April, 2019</b>	52.72	6,175.85	4,482.51	-	10,711.08
Profit for the year	-	1,747.09	-	-	1,747.09
Addition during the year	70.91	-	-	-	70.91
Transferred during the year	-	-	(70.91)	-	-70.91
<b>Balance as at March 31, 2020</b>	123.63	7,922.94	4,411.60	-	12,458.17

In terms of our separate Audit Report of even date

For & on behalf of the Board

**FOR R SOGANI & ASSOCIATES**  
Chartered Accountants  
FRN: 018755C

**FOR K G PETROCHEM LTD.**

**(BHARAT SONKHIYA)**  
Partner  
M. No. 403023

**(G. S. KANDOI)**  
Chairman Cum Managing Director  
DIN: 00120330

**(MANISH SINGHAL)**  
Director  
DIN: 00120232

**Place : JAIPUR**  
**Dated: 07.07.2020**

**(PRITY SINGHAL)**  
Director  
DIN: 0002664482

**(SHIV RATAN SHARMA)**  
CFO

**KG PETROCHEM LIMITED**

CIN: L24117RJ1980PLC001999

Registered Office: C-171, Road No. 9J, VKI Area, Jaipur-302013

Corporate Office: F-394(G), Road No 9F-2, VKI Area, Jaipur-302013

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2020**

(Amount in lakhs)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	2019-20		2018-19	
	DETAILS	AMOUNT	DETAILS	AMOUNT
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before exceptional and tax as Statement Profit & Loss (Increase in Reserves)	2,054.26		1,524.98	
Adjusted for :-				
Transfer from Reserves	-		-	
Finance Cost	850.96		677.70	
Interest received	(184.38)		(171.27)	
Reversal of Gain on Fair Valuation of Forward Contract	-		-	
Loss/(Profit) on Sale\written off of Fixed Assets	-2.73		-	
Depreciation	1,772.48		1,704.77	
<b>Operating Profit before Working Capital Changes</b>	<b>4,490.59</b>		<b>3,736.18</b>	
Adjusted for:-				
Increase / ( Decrease) in Trade Payables	-895.43		2,275.62	
Increase / ( Decrease) in Borrowings	1,741.33		-98.92	
Increase / ( Decrease) in Other financial liabilities	484.05		533.61	
Increase / ( Decrease) in Other current liabilities	(8.04)		(24.69)	
Increase / ( Decrease) in Other Non-current liabilities	79.05		48.67	
Increase / ( Decrease) in Provisions (except IT)	40.86		7.62	
Increase / ( Decrease) in Current Tax Liabilities (Net)	-		-	
(Increase)/Decrease in Inventory	(160.13)		-3,139.44	
(Increase)/Decrease in Trade receivables	(2.39)		84.97	
(Increase)/Decrease in Others current financial assets	-1,214.96		23.00	
(Increase)/Decrease in Other current assets	(663.77)		(360.05)	
(Increase) / Decrease in Non current Financial Assets	(47.11)		-135.66	
(Increase) / Decrease in Non current Assets	4.30		3.67	
<b>Cash Generated From Operations</b>	<b>3,848.35</b>		<b>2,954.58</b>	
<b>Net Cash used in Operating Activities Before Extraordinary Items</b>	<b>3,848.35</b>		<b>2,954.58</b>	
<b>Cash Generated From Operations</b>	<b>3,848.35</b>		<b>2,954.58</b>	
Less:- Taxes Paid	(738.21)		(470.29)	
<b>Net Cash Flow/(used)From Operating Activities</b>		<b>3,110.14</b>		<b>2,484.29</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase) / Decrease in Long Term Loans & Advances				
Purchase of Fixed Assets	(594.45)		(1,331.91)	
(Increase)/decrease to CWIP	(1,429.09)		(1,122.08)	
Proceeds From Sales/written off of Fixed Assets	4.00		-	
Interest received	184.38		171.28	
<b>Net Cash Flow/(used) in Investing Activities</b>		<b>(1,835.16)</b>		<b>(2,282.69)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Procurement of Borrowings			515.25	
Repayment of Borrowings	-440.20		-	
Capital Subsidy under TUF			-	
Interest paid	(850.96)		(677.70)	
<b>Net Cash Flow/(used) From Financing Activities</b>		<b>(1,291.16)</b>		<b>(162.46)</b>
Net Increase/(Decrease) in Cash and Cash Equivalent		(16.19)		39.15
Opening balance of Cash and Cash Equivalent		55.96		16.83
<b>Closing balance of Cash and Cash Equivalent</b>		<b>39.77</b>		<b>55.97</b>

**Notes:**

1 Cash and Cash Equivalent consists of following:-

	<b>Rs.</b>	<b>Rs.</b>
Cash on hand	11.23	7.68
Balances with Banks	28.54	48.28
Closing balance of Cash and Cash Equivalent	<u>39.77</u>	<u>55.96</u>

2 Cash Flow has been prepared under indirect method as set out in IND AS-7

3 Previous Year's figures have been recasted/regrouped, wherever necessary, to confirm to the current years'

4 Changes in liabilities arising from financing activities

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Current	Non Current (including current maturities)	Current	Non Current (including current maturities)
Opening Balance	5,260.45	7,673.11	5,360.74	7,136.53
Cash Flows (Net)	1,742.70	(289.55)	(100.29)	536.58
Foreign Exchange Difference	-	-	-	-
Closing Balance	7,003.15	7,383.56	5,260.45	7,673.11

In terms of our separate Audit Report of even date

For &amp; on behalf of the Board

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants

FRN: 018755C

**FOR K G PETROCHEM LTD.****(BHARAT SONKHIYA)**

Partner

M. No. 403023

**(G. S. KANDOI)**

Chairman Cum Managing Director

DIN: 00120330

**(MANISH SINGHAL)**

Director

DIN: 00120232

**Place : JAIPUR****Dated: 07.07.2020****(PRITY SINGHAL)**

Director

DIN: 0002664482

**(SHIV RATAN SHARMA)**

CFO

## **1 COMPANY OVERVIEW**

KG Petrochem Private Limited is a listed company incorporated on 29.2.1980 under Companies Act, 1956. The name of the company changed to KG Petrochem Limited as per fresh Certificate of Incorporation dated 24.8.1995 issued by Registrar of Companies, Rajasthan, Jaipur. The registered office of the Company is located at C-171, ROAD NO.9J, V.K.L AREA, JAIPUR RJ 302013.

Presently the Company is engaged in the business of manufacturing and services as under:-

- (i) Textile Division (Consist units named Bhavik Terryfab, Anusha Techfab, & Mantika Gartex) :-Manufacturing and marketing of terry towels, made-ups, readymade garment like bathrobes, babyhood towels, pillows etc. in the domestic and inter- national market.
- (ii) Agency Division : Consignment Stockiest of GAIL (India) Ltd. for marketing and distribution of polymers in Rajasthan and
- (iii) Technical Textile Division (Consist Unit named Ultra Polucoat) : Manufacturing of artificial leather through technical textile

## **SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES**

### **2 BASIS OF PREPARATION**

- 2.1 Ministry of corporate affairs has notified roadmap to implement IND AS notified under Companies (Indian Accounting Standard) Rules 2015 as amended by the Companies (Indian Accounting Standard) Rules 2016. And according to the said roadmap the company is required to apply IND AS in preparation of financial statement from the financial year beginning from 1<sup>st</sup> April 2017.
- 2.2 The significant accounting policies used in preparing the financial statements are set out in Notes to the Standalone Financial Statements.
- 2.3 The preparation of the financial statements requires management to make estimates, judgements and assumptions. Actual results could vary from these estimates. The estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Notes on critical accounting estimates, assumptions and judgements). The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.
- 2.4 Amounts in these financial statements have, unless otherwise indicated, have been rounded off to 'rupees in lakhs' upto two decimal points.

### **3 STATEMENT OF COMPLIANCE**

The financial statements comprising of the Balance Sheet, Statement of Profit and Loss, Statement of changes in equity, Statement of Cash Flow together with notes comprising a summary of Significant Accounting Policies and Other Explanatory Information for the year ended 31st March 2020 and comparative information in respect of the preceding period have been prepared in all material aspects in accordance with IND AS as notified and duly approved by the Board of Directors and audit committee, along with proper explanation for material departures.

### **4 ACCOUNTING POLICIES**

#### **4.1 Basis of Measurement**

The standalone financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- a Financial assets and liabilities except certain those carried at amortised cost
- b Assets held for sale - measured at carrying amount or fair value less cost of disposal, whichever is less
- c Defined benefit plans - Plan assets measured at fair value

The standalone financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency.

#### **4.2 Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

**An asset is classified as current when it is:**

- (a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- (b) Held primarily for the purpose of trading,
- (c) Expected to be realised within twelve months after the reporting period, or
- (d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

**A liability is classified as current when it is:**

- (a) Expected to be settled in normal operating cycle,
- (b) Held primarily for the purpose of trading,
- (c) Due to be settled within twelve months after the reporting period, or
- (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.



The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **4.3 Inventories**

##### **a Finished goods:**

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a portion of manufacturing overhead based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Finished Goods are measured at average cost.

##### **b WIP and Stores & Spares:**

Raw materials, components, stores and spares and work-in progress are valued at cost. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares is determined on FIFO basis. Cost of Work in Progress is measured at Weighted average Basis.

Capital spares that qualifies the criteria of property, plant and equipment are recognised as PPE. Accordingly the company has capitalized spares having useful life of more than 12 months and corresponding depreciation is charged on them.

#### **4.4 Statement of cash flows**

Cash flows are reported using the method as prescribed in IND AS 7 'Statement of Cash flows', where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expense associated with investing or financial cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **4.5 Prior period Errors**

- a Prior period errors include omissions and misstatements arising from a failure to use reliable information that was available or could have been obtained when financial statements for those periods were approved for issue.
- b Prior period errors relating to the last comparative period will be shown by restating the comparative figures of Balance sheet and Profit and loss, wherever necessary. Thus, it will be disclosed in the comparative financial statements as if the error had not even occurred. And if the error relates to earlier financial years (FY 18-19 or before), then it will be adjusted from the asset/liability and retained earnings of the last comparative period shown (FY 19-20).

#### **4.6 Revenue recognition and other income**

##### **a Revenue on sale of products**

- The Company recognise revenues on accrual basis and measured it at the fair value of the consideration received or receivable, net of discounts, volume rebates, GST.
- Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- Export sale has been recognised at the time of removal of goods from factory at invoice value (whether FOB or CIF) on the basis of exchange rates declared by Custom Department for that particular month.
- No significant financing component exists in the sales.
- Other operating revenue - Export incentives under various schemes are accounted in the year of export **at estimated realisable value**.
- GST Returns Includes Sales by KGPL- Agency Division as a consignment stockist to customers and purchase from GAIL/BCPL, while commission income is reflected in the financial statements as per the accounting policy.

##### **Other income**

##### **a Interest**

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **b Dividend**

Dividend income is recognized when the right to receive dividend is established.

#### **4.7 Property, Plant and Equipment**

Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

**Initial recognition:** The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS. Hence regarded thereafter as historical cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

**Subsequent expenses and recognition:** Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

PPE costing up to Rs 5,000 each are fully depreciated in the year of purchase/installation.

**Depreciation:** Property, Plant and Equipments except free hold land is depreciated on Straight Line Method in the manner prescribed in Schedule II to the Companies Act, 2013.

Useful life considered for calculation of depreciation for various assets class are as follows:

Asset Class	Useful Life
Staff & Labour Quarters	60 years
Factory building	30 years
Plant & Machinery	15 years
Weighing Scale	15 years
Misc. Asset	5 years
Lab Equipment	10 years
Elec & Water Fitting	10 years
DG Set	15 years
Weighbridge	15 years
Furniture & Fixtures	10 years
Vehicles	8 years
Office Equipment	5 years
Computer	3 years
IT Equipments	6 years
Office Building	60 years
Canteen Appliances	5 years
ERP	w/off
A.C. Equipments	-
Stores & Spares	3 years

Based on independent technical evaluation, the useful life of E.T.P is estimated shorter than prescribed in Schedule II of Companies Act, 2013, which is as under:

Name of Assets	Life Taken
Other Machinery in ETP/Water Tank	5 years

**Gain/loss on disposal:** The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

**Component accounting:** When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major components) and are depreciated over the useful life respectively.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-progress.

#### Capital work in progress

The expenses relating to the construction of building is capitalised at the time when they are incurred. And when the asset would be completed, the same shall be transferred to asset a/c.

In case of Plant and Machinery, the amount of CWIP shall be transferred to asset a/ c at the time when the plant would be used for production.

**Replacement Accounting:** Subsequent expenditure related to an item of PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

## 4.8 Leases

### Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the relevant lease term other than where the rentals are **Finance Lease**

Lease arrangements under which the lessor transfers substantially all the risks and rewards incidental to the ownership to lessee are treated as Finance Lease.

As per IND AS 17, the company has recognised the leasehold land as Finance Lease and accordingly shown it under the head Property Plant and Equipment and amortised over the lease period.

The company has recognised its leasehold land as finance lease and accordingly shown the land under the head of Property Plant and equipment and the amortised it during the remaining lease period.

On March 30, 2019, ministry of corporate affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 16 substantially carries forward the lessor accounting requirements in Ind AS 17.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is using the 'Modified Retrospective Approach' for transitioning to Ind AS 116 and took the cumulative adjustment to retained earnings on the date of initial application ( April 1, 2019). The Company as elected certain available practical expedients on transition.

**The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets**

#### 4.9 **Foreign Currency Transaction**

- a. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.
- b. Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at the year end spot rates and those covered by forward contracts are restated at each reporting date by using forward rate for remaining period prevailing on the reporting date and exchange rate difference was booked. The Exchange rate difference on Forward Contract was charged to Statement of Profit & Loss, since Fair Value Model has been adopted by the Company.

#### 4.10

##### **Government Grants**

Government grants related to assets are presented in balance sheet by setting up the grant as deferred income under Non Current Liability and the same is recognised in statement of profit and loss on a systematic basis.

Export incentive under "Duty Drawback Scheme" is accounted in the year of export at FOB value. **Government of India has discontinued the MEIS Scheme w.e.f 07th March 2019 vide Gazette notification Number CG-DL-E15012020-215412 dated 14th January 2020. The Company has made necessary reversal of income booked in FY.2018-19 in during the current year.**

Government grant related to revenue is deducted in reporting the related expenses. During the year the Company has received interest subsidy under TUF Scheme, Customized Package Scheme and Interest Subvention which is deducted from expenses.

The Company had received Terminal Excise Duty refund before 2018-19 which is recognised as other non current liabilities in the balance sheet and the same is recognised in statement of profit and loss on a systematic basis, since it has been treated as grant related to asset. All Government grants are recognised on accrual basis.

Government Grant related to EPCG is recorded in the books at the time of import in accordance with IND AS -20 and same is amortised in the books of accounts in the ratio of depreciation charged on the respective asset as per IND AS 16. During the year company has received a subsidy under ROSCTL Scheme for Rs.19,19,78,200.78/-

#### 4.11

##### **Employee retirement benefits**

###### **a. Short - term Employee Benefits:-**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognised in the period in which the employee renders the related services

The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.

###### **b. Post-employment Benefits:-**

- (a) **Defined Contribution Plan:** Contribution to superannuation fund is recognised as an expense in the Statement of Profit & Loss as it is incurred. There are no other obligations other than the contribution payable to the respective trust. Eligible employees receive benefits from a provident fund which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.
- (b) **Defined Benefit Plan and Other Long Term Benefits:** Retirement benefits in the form of gratuity is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date.  
Other long term benefits in the form of leave encashment is provided based on the percentages notified by Government guidelines.
- c. The cost of providing Gratuity, a Defined Benefit plan, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by an independent actuarial valuer at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income in the period in which they arise. Other costs are accounted in statement of profit and loss.
- 4.12 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.
- 4.13 Earnings per share**
- Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year.
  - Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.
- 4.14 Impairment of assets**  
An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset
- 4.15 Provisions and contingencies**
- a **Provisions**
- Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
  - If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate.
  - Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.
- b **Contingencies**
- Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liabilities is disclosed in the Notes to the Financial Statements.
  - Contingent assets are not recognised in the books of the accounts but are disclosed in Board Report. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset and the corresponding income is booked in the Statement of Profit and Loss.
- 4.16 Taxation**
- Income tax expense represents the sum of Current Tax and Deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in Equity or Other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income.
  - Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the Income Tax Act 1961. Current tax assets and current tax liabilities are off set and presented as net.
  - Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.
- 4.17 Cash and cash equivalents**  
Cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, Fixed Deposits.  
For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, having maturity less than 3 months
- 4.18 Financial instruments – initial recognition, subsequent measurement and impairment**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**a Financial Assets**

- Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on the judgment of the management for managing those financial assets and the assets' contractual cash flow characteristics.
- Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes, financial assets are assessed individually.

**De-recognition of financial Asset**

A financial asset is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

**Impairment of financial assets (other than fair value)**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

**Trade receivables:**

- A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss if any.
- Impairment is made for the expected credit losses. The estimated impairment losses are presented as a deduction from the value of trade receivables and the impairment losses are recognised in the Statement of Profit and Loss under "Other expenses".
- Subsequent changes in assessment of impairment are recognised in ECL and the change in impairment losses are recognised in the Statement of Profit and Loss under "Other Expenses".
- Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivables and the amount of the loss is recognised in the Statement of Profit and Loss under "Other Expenses".
- Subsequent recoveries of amounts previously written off are credited to "Other Income".

**b Financial liabilities**

At initial recognition, all financial liabilities other than those valued at fair value through profit and loss are recognised at fair value less transaction costs that are directly related to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss.

**Financial liabilities measured at amortised cost**

After initial recognition, interest free Security Deposits and other financial liabilities are valued at Amortised cost using Effective Interest Rate method (EIR Method). The EIR amortisation is included in finance costs in the Statement of Profit and Loss. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

**Trade and other payables**

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as "Other Income" or "Finance Expense".

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

**4.19 Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the Statement of Profit and Loss. On classification as held for sale the assets are no longer depreciated.

**4.20 Segment reporting**

The Company identifies primary segments based on nature of products and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the managing board in deciding how to allocate resources and in assessing performance.

**5 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectation of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events that existed as at the reporting date, or that which occurred after the date but provide additional evidence about the conditions existing at the reporting date.

**a Property, plant and equipment**

- Management assesses the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

**b Income taxes**

- Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities.
- The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

**c Contingencies**

- Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

**d Impairment of accounts receivable and advances**

- Trade receivables carry interest and are stated at their fair value as reduced by appropriate allowances for expected credit losses. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised for the expected credit losses.

**e Employee benefit expenses**

- Actuarial valuation for gratuity, liability of the Company has been done by Ashok Kumar Garg on the basis of data provided by the management and assumptions used by the LIC. The data so provided and the assumptions used have been disclosed in the notes to accounts.

**f Capital spares**

- Only those capital spares whose have a useful life of more than one year and their cost exceeds Rs. 25,000 have been considered for the purpose of capitalization under property, plant & equipment in the books of account. Further, all such spares are assumed to have a useful life of 36 months.

**g Discounting of Security deposit, and other long term liabilities**

- For majority of the security deposits received, the timing of outflow, as mentioned in the underlying contracts, is not substantially long enough to discount. The treatment would not provide any meaningful information and would have no material impact on the financial statements.

NOTE NO. 6:- Property, Plant & Equipments

S.No.	Description	GROSS BLOCK				D E P R E C I A T I O N				NET BLOCK		
		Opening balance As on 01.04.2019	Purchases / Additions during the year	Sales / Adjustments during the year	Total Cost As At 31.03.2020	Up to 31.03.2019	for the period	Written back	Reversed	Up to 31.03.2020	As At 31.03.2020	As At 31.03.2019
	<b>TANGIBLE ASSETS :</b>											
1	Right of Use Assets -Land - Leasehold	4,401.90	-	-	4,401.90	30.78	54.86	-	-	85.64	4,316.26	4,371.12
2	Factory Building	3,801.16	-	-	3,801.16	507.82	123.38	-	-	631.20	3,169.96	3,293.34
3	Staff & Labour Quarters	53.80	0.27	-	54.07	5.89	0.87	-	-	6.75	47.32	47.92
4	Plant & Machinery	15,746.54	2,443.04	-	18,189.58	9,804.33	1,300.32	-	-	11,104.64	7,084.93	5,942.21
5	Weighing Scale	11.48	0.49	-	11.96	1.14	0.70	-	-	1.83	10.13	10.34
6	Misc. Fixed Assets	234.86	4.53	-	239.39	190.31	16.93	-	-	207.24	32.15	44.55
7	Lab Equipment	49.69	2.10	-	51.79	17.47	3.92	-	-	21.39	30.40	32.21
8	Elect. & Water Fitting	464.32	9.12	-	473.44	258.57	34.72	-	-	293.29	180.15	205.75
9	DG Set	50.94	-	-	50.94	18.22	3.66	-	-	21.87	29.07	32.73
10	Weighbridge	12.49	-	-	12.49	7.45	0.99	-	-	8.44	4.05	5.04
11	Furniture & Fixtures	184.04	22.75	-	206.80	79.66	14.56	-	-	94.22	112.58	104.38
12	Vehicles	196.73	25.61	25.48	196.85	90.03	19.72	-	24.21	85.54	111.31	106.70
13	Office Equipment	54.02	11.70	-	65.71	31.98	7.94	-	-	39.92	25.80	22.04
14	Computer	58.68	3.51	-	62.19	48.11	6.46	-	-	54.57	7.62	10.57
14	IT Equipments	12.95	-	-	12.95	12.30	-	-	-	12.30	0.65	0.65
15	Office Building	8.21	-	-	8.21	1.76	0.13	-	-	1.90	6.31	6.44
16	Canteen Appliances	1.39	-	-	1.39	1.30	-	-	-	1.30	0.09	0.09
17	A.C. Equipments	1.21	-	-	1.21	1.10	-	-	-	1.10	0.11	0.11
18	Stores & Spares	514.17	320.45	-	834.62	206.76	183.34	-	-	390.10	444.52	307.40
	<b>TOTAL</b>	25,858.57	2,843.56	25.48	28,676.65	11,314.97	1,772.48	-	24.21	13,063.24	15,613.41	14,543.60
	<b>PREVIOUS YEAR</b>	16,755.44	9,103.13	-	25,858.57	9,610.21	1,704.77	-	-	11,314.97	14,543.60	7,145.24

Note:-7 CAPITAL WORK IN PROGRESS

DESCRIPTION OF ASSETS	Gross Block				As at 31.03.2020
	As at 01.04.2019	Additions Expenses	Additions Others	Capitalized during the yaer	
Capital Work in Progress Bhavik	457.86	166.41	-	599.64	24.63
Capital Work in Progress ULTRA	663.97	1,110.16	-	1,649.47	124.66
Capital Work in Progress ANUSHA	0.25	152.53	-	-	152.78
<b>Total</b>	<b>1,122.08</b>	<b>1,429.09</b>	<b>-</b>	<b>2,249.11</b>	<b>302.06</b>

## 8 Other Non-Current Financial Assets

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Security Deposits	267.83	220.73
<b>TOTAL</b>	<b>267.83</b>	<b>220.73</b>

## 9 Other Non-current Assets

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Prepaid Expenses (Prepaid Rent)	1.69	2.17
Unamortized Transaction fees	9.99	13.81
<b>TOTAL</b>	<b>11.68</b>	<b>15.98</b>

## 10 Inventories

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Raw Material	1,178.18	844.73
Work In process	2,132.24	3,427.44
<b>Finished Goods</b>		
Towel/ Artificial Leather	1,451.52	666.55
Waste	3.38	5.51
Stores, Spares and Consumables	925.88	750.92
Dyes & Chemicals	362.98	195.90
Packing Material	37.89	40.90
<b>TOTAL</b>	<b>6,092.07</b>	<b>5,931.94</b>

(Refer Note 4.3 of accounting policy for valuation policy of inventories)

## 11 Trade Receivables

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Trade Receivables	7,260.30	7,257.91
Receivables from Related Parties	-	-
Less: Allowance for doubtful trade receivables	-	-
<b>Total Receivables</b>	<b>7,260.30</b>	<b>7,257.91</b>
Current portion	7,260.30	7,257.91
Non- current portion	-	-
<b>Breakup of Security Details</b>		
Secured, considered good	-	-
Unsecured, considered good	7,260.30	7,257.91
Doubtful	-	-
<b>Total</b>	<b>7,260.30</b>	<b>7,257.91</b>
Allowance for Doubtful Trade Receivables	-	-
<b>Total Trade Receivables</b>	<b>7,260.30</b>	<b>7,257.91</b>

\*During the year Company has written off an amount of Rs.4,53,90,950.65/-



## 12 Cash and Cash Equivalents

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Bank Balances	28.54	48.28
Cash on Hand	11.23	7.68
<b>TOTAL</b>	<b>39.77</b>	<b>55.96</b>

## 13 Others Current Financial Assets

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
1 Incentives receivable (Export)	2,008.18	799.46
2 Accrued Interest	14.53	8.29
<b>TOTAL</b>	<b>2,022.71</b>	<b>807.75</b>

## 14 Other Current Assets

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Advances Given	198.53	308.38
Prepaid Expenses	34.19	24.14
Income Tax Refundable	7.27	6.34
Vat Refundable	-	12.98
GST & Excise & Service Tax Receivable	1,434.08	1,025.89
Excise & Service Tax (Under Protest)	0.78	0.78
Input Tax Credit	14.09	14.88
Employee Group Gratuity Fund	126.54	112.50
Less: Provision for Gratuity	(154.89)	(85.48)
Employee gratuity fund (Net of provision for gratuity)	(28.34)	27.01
Interest Receivable Under TUF Scheme	375.35	196.87
TED Receivable	5.73	7.29
Interest Subsidy Under Customized Package	341.95	94.81
Unamortized Loan Processing Fees	3.67	3.67
Unamortized Processing Fees	1.55	2.04
<b>TOTAL</b>	<b>2,388.85</b>	<b>1,725.08</b>

## 15 Equity Share Capital

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
<b>Share Capital</b>		
<b>1 Authorised :</b>		
70,00,000 (70,00,000) Equity Shares of Rs.10/- each	700.00	700.00
<b>2 Issued &amp; Subscribed</b>	-	-
63,35,200 (63,35,200) Equity shares of Rs.10 each/-	633.52	633.52
<b>3 Fully Paid Up</b>	-	-
52,21,000 (52,21,000) Equity Shares of Rs.10/-each fully paid	522.10	522.10
Add: Forfeited Equity Shares	-	-
11,14,200 (11,14,200) Equity Shares	59.43	59.43
(* figures in bracket are of Previous Year)		
<b>TOTAL</b>	<b>581.53</b>	<b>581.53</b>

### (a) Rights, Preferences and restrictions attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Holder of equity shares is entitled to one vote per share and Dividend as and when declared by the Company.

In case of partly paid up share the shareholder shall be entitled to dividend only on the paid up share capital.

In case any shareholder makes any default in payment of any call he shall not be entitled to vote in annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts.

### (b) Reconciliation of the number of shares outstanding :-

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
	No of shares	No of shares
At the beginning of the year	5,221,000.00	5,221,000.00
Add: Issued during the year	-	-
Less: Bought Back during the year	-	-
<b>At the end of the year</b>	<b>5,221,000.00</b>	<b>5,221,000.00</b>

### (c) Shares held by each shareholder holding more than 5% of number of shares:

Name of Shareholder	As at 31st Mar., 2020	
	No.of Shares held	% of holding
Mr. Manish Singhal	1,377,625	26.39%
Mr. Gauri Shanker Kandoi	1,428,807	27.37%
Mrs. Savitri Kandoi	420,500	8.05%
M/s. Manish Singhal-HUF	340,000	6.51%

## 16 Other Equity

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
<b><u>Reserves and Surplus</u></b>		
<b>1 Revaluation Reserve</b>		
At the beginning of the year	4,482.51	-
Add; Additions during the year	-	4,498.76
Less: withdrawals/transfer	70.91	16.25
Balance at the year end	<b>4,411.60</b>	<b>4,482.51</b>
<b>2 General Reserve</b>		
At the beginning of the year	52.72	36.47
Add; Additions during the year	70.91	16.25
Less: withdrawals/transfer	-	-
Balance at the year end	<b>123.63</b>	<b>52.72</b>
<b>3 Surplus</b>		
At the beginning of the year	6,175.85	5,306.30
Add; Additions during the year	1,747.09	869.55
Balance at the year end	<b>7,922.94</b>	<b>6,175.85</b>
<b>TOTAL</b>	<b>12,458.17</b>	<b>10,711.08</b>

## 17 Non Current Borrowings

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
<b>Term Loan</b>		
<b>Secured</b>		
<b>From Bank</b>		
<b>State Bank of India</b>	<b>3,998.33</b>	<b>4,322.04</b>
Term Loan III	-	84.56
Term Loan IV	-	40.58
Term Loan V	106.19	159.31
Term Loan VI	1,883.98	2,314.99
Term Loan VII	1,077.00	1,361.00
Term Loan VIII	931.16	361.60
<b>HDFC</b>	<b>3,385.23</b>	<b>3,330.08</b>
Term Loan	2,820.41	3,020.08
Term Loan	455.96	310.00
Term Loan	70.41	-
Auto Loans	<b>38.45</b>	20.99
<b>Total</b>	<b>7,383.56</b>	<b>7,673.11</b>
<b>Less : Current maturities of long term borrowings</b>	<b>1,247.10</b>	<b>1,096.44</b>
<b>TOTAL</b>	<b>6,136.46</b>	<b>6,576.67</b>

**Nature of Security and terms of repayment for Long Term secured borrowings:**

**Nature of Security**

- Term loan from bank **(Term Loan V)**, balance outstanding Repayable in 32 Quarterly installments amounting to Rs. 106.19 lakhs (March 31, 2019 : Rs. 159.31 lakhs) is secured by pari passu charge by way of equitable mortgage in favour of both banks against all existing and future fixed assets of the Company and further guaranteed by Mr. G. S. Kandoi, Mr. Manish Singhal and Mrs. Prity Singhal, Directors of the company in their personal capacity.
- i
- Term loan from bank **(Term Loan VI)**, balance outstanding Repayable in 32 Quarterly installments amounting to Rs. 1883.98 lakhs (March 31, 2019 : Rs. 2314.99 lakhs) is secured by pari passu charge by way of equitable mortgage in favour of both banks against all existing and future fixed assets of the Company and further guaranteed by Mr. G. S. Kandoi, Mr. Manish Singhal and Mrs. Prity Singhal, Directors of the company in their personal capacity.
- ii
- Term loan from bank **(SBI Term Loan VII)**, balance outstanding Repayable in 32 Quarterly installments amounting to Rs. 1077 lakhs (March 31, 2019 : Rs. 1361.00 lakhs) is secured by pari passu charge by way of equitable mortgage in favour of both banks against all existing and future fixed assets of the Company and further guaranteed by Mr. G. S. Kandoi, Mr. Manish Singhal and Mrs. Prity Singhal, Directors of the company in their personal capacity.
- iii
- Term loan from bank **(SBI Term Loan VIII)**, Sanctioned Repayable in 29 Quarterly installments Rs.1400 Lakhs, availed Rs.931.16 lakhs (March 31,2019 : Rs.361.60 Lakhs) and balance to be availed Rs.468.84 Lakhs is secured by pari passu charge by way of equitable mortgage in favour of both banks against all existing and future fixed assets of the Company and further guaranteed by Mr. G. S. Kandoi, Mr. Manish Singhal and Mrs. Prity Singhal, Directors of the company in their personal capacity.
- iv
- HDFC Term Loan I: balance outstanding amounting to Rs.2816.47 Lakhs (March 31,2019 : Rs.3020.08 lakhs) is secured by First Parri Pasu charge on entire Fixed Assets with due in Sepetember,2025. Rate of SBI and Second Parri Passu charge on entire Current Assets of Interest:8.95% (March 31,2019: MCLR plus the company with SBI further personal gurantee of Mr. GS 0.90 Paise) Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.
- v

- HDFC Term Loan II: Sanctioned Rs.500.00 Lakhs, availed Repayable in 16 Quarterly installments Rs.455.96 Lakhs (March 31,2019 Rs.310.00 lakhs) and starting from May,2020. Last installment due balance to be availed Rs.44.04 Lakhs is secured by First Parri in February,2024. Rate of Interest:8.95% Pasu charge on entire Fixed Assets with SBI and Second Parri (March 31,2019 :MCLR plus 0.90 Paise)
- vi Passu charge on entire Current Assets of the company with SBI further personal gurantee of Mr. GS Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.

- HDFC Term Loan III: Sanctioned Rs.125.00 Lakhs, availed Repayment has started from Mar.,2020. Total Rs.73.93 Lakhs and balance to be availed Rs.51.07 Lakhs, Term Loan Tenor is 5 Years. Rate of Interest :- Outstanding Rs.70.41 Laks is secured by First Parri Pasu 8.95% charge on entire Fixed Assets with SBI and Second Parri Passu
- vii charge on entire Current Assets of the company with SBI further personal gurantee of Mr. GS Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.

Installments falling due within a year in respect of all the above Loans aggregating 1247.09 lakhs (March 31, 2019 : Rs. 1096.44 lakhs) have been grouped under “Current maturities of long term borrowings ” **(Refer Note 17)**

\* Rate of Interest is without considering interest subsidy under TUF scheme.

#### 18 Deferred tax liabilities (Net)

	Particulars	As at 31st Mar., 2020	As at 31st March, 2019
1	Deferred tax liabilities (Net)	243.02	564.61
	<b>TOTAL</b>	<b>243.02</b>	<b>564.61</b>

#### 19 Other Non Current Liabilities

	Particulars	As at 31st Mar., 2020	As at 31st March, 2019
1	Government Grants	945.99	866.94
	<b>TOTAL</b>	<b>945.99</b>	<b>866.94</b>

#### 20 Current Borrowings

	Particulars	As at 31st Mar., 2020	As at 31st March, 2019
	<b>Loan payable on demand from Banks :</b>		
	<b>Secured</b>		
1	<b>State Bank of India</b>		
	a. Cash Credit Account	299.16	308.95
	b. Packing Credit Limit	-	1,908.09
	c. LC Discounting	-	17.02
2	<b>HDFC</b>		
	a. Cash Credit Account	72.12	194.82
	b. Packing Credit Limit	3,529.26	2,832.94
	c. LC Discounting	38.33	-
3	<b>Axis Bank</b>		
	a. Cash Credit Account	20.50	-
	b. Packing Credit Limit	3,043.78	-
	<b>TOTAL</b>	<b>7,003.15</b>	<b>5,261.82</b>

Loans payable on demand from SBI, HDFC & Axis are secured by parri passu charge way of hypothecation of stock of Raw Material, Finished goods, Work in process, Store & spares, Book Debts except receivable of agency division and all current assets of the company.

The loans are further personal guaranteed of Mr. G. S. Kandoi, Mr. Manish Singhal and Mrs. Prity Singhal Directors of the company.

Cash Credit Limits of Agency Division with State Bank of India (SBI) is secured by Hypothecation of receivables under Electronic dealer Finance Scheme (e-dfs).

HDFC & Axis Banks - The limits is secured by First Parri Pasu charge on entire Current Assets with SBI and Second Parri Passu charge on entire Fixed Assets of the company with SBI further personal gurantee of Mr. GS Kandoi, Mr Manish Singhal and Prity Singhal, the directors of the company.

## 21 Trade Payables

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
<b>For Goods</b>		
Micro, Small & Medium Enterprises*	198.51	98.90
Others	2,579.00	3,574.05
<b>TOTAL</b>	<b>2,777.51</b>	<b>3,672.95</b>

\*The Company has received intimation from few of its suppliers about their having filed a memorandum in pursuance of Micro, Small and Medium Enterprises Development Act, 2006 and the same has been grouped under Micro, Small and Medium Enterprises\*.

## 22 Other Current Financial Liabilities

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Current maturities of long term borrowings	1,247.09	1,096.44
Unsecured Loans from Directors and relatives	1,309.20	1,074.35
Liabilities for expenses	557.38	678.94
Security Deposit	9.99	15.97
Forward Contract (Fair valuation)	235.87	9.29
Unamortized Finance Cost	1.55	2.04
<b>TOTAL</b>	<b>3,361.08</b>	<b>2,877.03</b>

## 23 Other Current Liabilities

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Statutory Liabilities	44.69	79.59
Advance from Customers	87.87	61.01
<b>TOTAL</b>	<b>132.56</b>	<b>140.60</b>

## 24 Provisions

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Provision for Leave Encachment	55.76	23.86
Provision for Bonus	207.46	198.51
<b>TOTAL</b>	<b>263.23</b>	<b>222.37</b>

## 25 Current Tax Liabilities (Net)

Particulars	As at 31st Mar., 2020	As at 31st March, 2019
Provision for Income Tax	640.00	360.00
Less: Advance Tax	(544.02)	(154.58)
<b>TOTAL</b>	<b>95.98</b>	<b>205.42</b>

26 Revenue From Operations

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
(a) <b>Sale of products</b>		
Terry Towels (Net)	26,082.09	21,109.28
Coated Fabric (Net)	3,768.13	1,905.06
(b) <b>Sale of Services</b>		
Commission Income	88.40	82.01
(c) <b>Other operating revenue</b>		
Duty Drawback	639.68	444.88
ROSL / ROSCTL Scheme	1,919.78	605.06
Duty Credit Scripts (MEIS)	449.65	761.14
<b>Total</b>	<b>32,947.73</b>	<b>24,907.43</b>

27 Other Income

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
(a) <b>Interest</b>		
Interest from Securities	11.31	10.70
Interest from Bank	1.28	1.05
Other Interest	171.79	159.53
(b) <b>Other non operating revenue</b>		
Foreign Exchange Gain	464.28	406.70
Rental Income	24.14	39.75
Other income	3.69	9.82
Apportioned income from Government Grants (including TED Refund)	124.76	126.38
Sundry Balances written off	6.26	1.34
Sampling Charges	-	2.99
Withdrawal from Capital Reserve	-	-
<b>Total</b>	<b>807.51</b>	<b>758.26</b>

28 Cost of Material Consumed

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
<b>Raw Material Consumed</b>		
Opening Stock	844.73	308.10
Add: Purchases	12,899.18	12,621.06
Purchase of Dyed Towelling Fabric	660.27	-
Freight	0.21	0.57
	<b>14,404.39</b>	<b>12,929.73</b>
Less: Closing Stock	1,178.18	844.73
	<b>13,226.21</b>	<b>12,085.00</b>
<b>Dyes &amp; Chemicals Consumed</b>		
Opening Stock	195.90	205.11
Add: Purchases	2,159.13	1,799.97
Freight	4.56	5.36
	<b>2,359.59</b>	<b>2,010.44</b>
Less: Closing Stock	362.98	195.90
	<b>1,996.61</b>	<b>1,814.54</b>
	<b>15,222.82</b>	<b>13,899.55</b>

29 Changes in inventories of Finished Goods & WIP

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
<b><u>Opening Inventories</u></b>		
Finished Goods (Towel/ Artificial Leather)	666.55	840.44
Work in progress	3,427.44	1,061.22
Saleable Waste	5.51	1.26
	<b>4,099.50</b>	<b>1,902.92</b>
<b><u>Closing Inventories</u></b>		
Finished Goods (Towel/ Artificial Leather)	1,451.52	666.55
Work in progress	2,132.24	3,427.44
Saleable Waste	3.38	5.51
	<b>3,587.14</b>	<b>4,099.50</b>
<b>INCREASE/(DECREASE)</b>	<b>512.36</b>	<b>(2,196.57)</b>

30 Manufacturing expenses

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
Consumable Stores	1,340.12	1,023.67
Job Charges	1,941.87	1,676.34
Packing Material	687.15	512.14
Power & Fuel	2,896.14	2,473.60
Repairs & Maintenance- Building	48.23	31.47
Repairs & Maintenance- Plant & Machinery	54.52	60.81
Stores & Spares	411.76	289.47
Other Manufacturing Expenses	445.37	320.72
<b>Total</b>	<b>7,825.16</b>	<b>6,388.22</b>

31 Employee benefits expense

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
Salaries & Wages	2,273.27	1,976.37
Contribution to Provident Fund	86.54	47.03
Contribution to ESIC	51.34	53.44
Contribution to Gratuity	72.64	3.20
Staff welfare Expenses	348.29	310.38
<b>Total</b>	<b>2,832.08</b>	<b>2,390.41</b>

32 Financial expense

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
Interest Expenses	688.24	550.89
Other Borrowing Costs (Bank Charges)	162.72	126.82
<b>Total</b>	<b>850.96</b>	<b>677.70</b>

33 Other expenses

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
Insurance	44.85	10.65
Rent	34.22	26.64
Clearing & Forwarding Charges	769.48	563.26
Commission on sale	240.95	249.43
Payment to Auditors		
- As Auditor	1.90	1.90
- As Others	3.30	2.25
Miscellaneous Expenses	588.18	422.50
Bad Debts	453.91	-
<b>Total</b>	<b>2,136.79</b>	<b>1,276.63</b>



34 Exceptional Items

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
MEIS Write off	548.33	-
<b>Total</b>	<b>548.33</b>	<b>-</b>

35 Income Tax Expenses

**Tax expense recognized in the Statement of Profit and Loss**

Particulars	Period ended 31st Mar., 2020	Period ended 31st March, 2019
<b>Current Tax</b>		
Current Tax on taxable income for the year (Net of MAT Credit)	640.00	360.00
<b>Total Current Tax expense</b>	<b>640.00</b>	<b>360.00</b>
<b>Deferred Tax</b>		
Deferred Tax charge/(credit)	(321.60)	201.72
<b>Total Deferred Income Tax expense/(benefit)</b>	<b>(321.60)</b>	<b>201.72</b>
Tax in respect of earlier years	(11.23)	93.71
<b>Total income tax expense (including previous year)</b>	<b>307.17</b>	<b>655.43</b>

## 36 FINANCIAL RISK MANAGEMENT

### 36.1 Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

### 36.2 Financial risk factors

- The Company's principal financial liabilities comprise of trade payables, borrowings and other liabilities. The main purpose of these financial liabilities is to manage finances for the Company's operations and also for purchase of capital assets and for safeguarding its interests under contracts.
- The Company has trade and other receivables and cash and cash equivalents that arise directly from its operations as a part of its financial assets.

The Company's activities expose it to a variety of financial risks:

#### a. Market risk

- Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices/market interest rates.

#### (i) Interest rate risks:

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. According to the Company interest rate risk exposure is only for floating rate borrowings which it had taken from HDFC bank rest of the borrowing of the company are fixed rate borrowing which are not subject to market risk.

#### **Exposure to Interest rate risk**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Borrowings	14,386.71	12,934.92
Borrowings Having variable rate of interest	3,346.78	3,330.08
% of Borrowings out of above bearing variable rate of interest	23.26%	25.74%

#### (ii) Foreign currency risk:

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

#### **Exposure to foreign currency**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total export debtors	4,718.16	4,812.71
Hedged export debtors (Forward contract taken)	4,718.16	1,438.44
Undedged export debtors	-0	3,374.27

**b. Credit risk**

- Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.
- To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets.
- The Company makes major of its export sales, against a security in the nature of Letter of Credit , and hence the credit risk is minimal with regard to export debtors. However the company makes local sales and it is subject to credit risk the company manages this risk by recognising 100 % expected credit loss on debtors outstanding for more than 36 months.

The ageing of trade receivables as on 31st March 2020 is as below:

Particulars	Due upto 36 Months	Due for more than 36 Months
Good	0.07	-
Doubtful	-	-
Others	-	-
<b>Gross</b>	-	-
Expected Credit Losses	-	-

The ageing of trade receivables as on 31st March 2019 is as below:

Particulars	Due upto 36 Months	Due for more than 36 Months
Good	0.07	-
Doubtful	-	-
Others	-	-
<b>Gross</b>	0.07	-
Expected Credit Losses	-	-

**c. Liquidity risk**

- Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.
- The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash requirements. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.
- As on 31st March,2020 the company had a cash and cash equivalent of Rs.39.77 Lakhs & as on 31st March,2019 Rs.55.96 Lakhs.

### 37 Fair Value Measurement

#### Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

2. IND AS 101 allows Company to fair value its property, plant and machinery on transition to IND AS, the Company has fair valued property, plant and equipment, and the fair valuation is based on deemed cost approach where the existing carrying amounts are treated as fair values.

The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate.

In case of security deposits, Company has used the fixed deposit rate of the year of making advance.

They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For other financial assets and liabilities that are measured at amortised cost, the carrying amounts are equal to the fair values.

#### The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted prices / published NVA (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value (NAV) is published mutual fund operators at the balance sheet date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets designated at amortised cost</b>				
Trade Receivables	7,260.30	7,260.30	7,257.91	7,257.91
Cash & Cash Equivalents	39.77	39.77	55.96	55.96
Other Financial Assets	2,290.54	2,290.54	1,028.47	1,028.47

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets designated at fair value through other comprehensive income</b>	-	-	-	-

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets designated at fair value through profit and loss</b>				

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities designated at amortised cost</b>				
Borrowings (Non-Current and Current)	13,139.61	13,139.61	11,838.48	11,838.48
Trade Payables	2,777.51	2,777.51	3,672.95	3,672.95
Other Financial Liabilities	3,125.21	3,125.21	2,867.74	2,867.74

Particulars	As at 31st March 2020		As at 31st March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities designated at fair value through profit and loss</b>	235.87	235.87	9.29	9.29

### 38 FAIR VALUE HEIRARCHY

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- a Quoted prices/published NAV (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date.
- b Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market (for example, interest free security deposits) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- c Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### Fair Value of Financial Assets and Financial Liabilities accounted for in the Standalone Financial Statements as on the reporting date of the

As at 31st March 2020			
Particulars	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Trade Receivables	-	-	7,260.30
Cash & Cash Equivalents	-	-	39.77
Other Financial Assets	-	-	2,290.54
<b>Financial Liabilities</b>			
Borrowings (Non-Current and Current)	-	-	13,139.61
Trade Payables	-	-	2,777.51
Other Financial Liabilities	-	-	3,125.21
Forward Contracts	235.87	-	-

As at 31st March 2019			
Particulars	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Trade Receivables	-	-	7,257.91
Cash & Cash Equivalents	-	-	55.96
Other Financial Assets	-	-	1,028.47
<b>Financial Liabilities</b>			
Borrowings (Non-Current and Current)	-	-	11,838.48
Trade Payables	-	-	3,672.95
Other Financial Liabilities	9.29	-	2,867.74

During the year ended March 31, 2020 and March 31, 2019, there were no transfer into and out of Level 1 fair value measurements.

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2020 and March 31, 2019, respectively:

Particulars	Fair Value Heirarchy	Valuation Technique	Inputs Used
<b>Financial Assets</b>			
Forward Contracts	Level 1	Quoted prices	

## 39 CAPITAL RISK MANAGEMENT

### Objective

The primary objective of the Company's capital management is to maximize the shareholder value. i.e. to provide maximum returns to the shareholders. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns to the shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2020 and March 31, 2019.

### Policy

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the rules and regulations framed by the Government.

### Process

The Company manage its capital by maintaining sound/optimal capital structure financial ratios, such as net debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. Debt-to-equity ratio as of March 31, 2020, March 31, 2019 is as follows:

Particulars	As on 31st March 2020	As on 31st March 2019
Total debt	6,136.46	6,576.67
Total equity	13,039.70	11,292.60
<b>Ratio</b>	<b>0.47</b>	<b>0.58</b>

#### 40 PROVISIONS

Movement in each class of provision during the financial year are provided below:

(Amount in lakhs)

Particulars	Provision for Bonus	Provision for Gratuity	Provision for Leave encashment	Provision for Taxation
<b>As at 1st April 2018</b>	191.28	85.83	23.47	500.00
Excess provision reversed	-	-	-	-
Addition during the year	198.51	3.20	2.31	360.00
Actual Benefits Paid	(191.28)	(3.54)	(1.92)	(500.00)
<b>As at 31<sup>st</sup> March 2019</b>	<b>198.51</b>	<b>85.49</b>	<b>23.86</b>	<b>360.00</b>
Excess provision reversed	-	-	-	-
Addition during the year	0.00	0.00	34.95	0.01
Actual Benefits Paid/Utilized	(198.51)	(3.24)	(3.05)	(360.00)
<b>As at 31<sup>st</sup> March 2020</b>	<b>0.00</b>	<b>82.25</b>	<b>55.76</b>	<b>0.01</b>

Particulars	Provision for Bonus	Provision for Gratuity	Provision for Leave encashment	Provision for Taxation
<b>As at 31<sup>st</sup> March 2019</b>				
Current	198.51	-	23.86	360.00
Non Current	-	85.49	-	-
	<b>198.51</b>	<b>85.49</b>	<b>23.86</b>	<b>360.00</b>
<b>As at 31<sup>st</sup> March 2020</b>				
Current	0.00	-	55.76	0.01
Non Current	-	82.25	-	-
	<b>0.00</b>	<b>82.25</b>	<b>55.76</b>	<b>0.01</b>



**41 INCOME TAX EXPENSE**

(Amount in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>Current Tax</b>	640.00	360.00
<b>Deferred Tax</b>	(321.60)	201.72
Tax in respect of earlier years	-11.23	93.71
<b>Total tax expense (For Current year)</b>	<b>307.17</b>	<b>655.43</b>

\*The Company has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for taxation and remeasured its deferred tax liabilities basis the rate prescribed in the said Section.

**Deferred Tax Assets (Liabilities)**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(Amount in lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b><u>Deferred Tax Asset</u></b>		
Provision for Leave Encashment	14.28	6.95
Goodwork Incentive	-	0.44
Government Grant	242.42	88.58
Unamortised Finance Cost	0.40	0.59
Unamortized transaction cost	3.90	5.68
Provision for Bonus	53.16	57.81
	<b>314.16</b>	<b>160.05</b>
<b><u>Deferred Tax Liability</u></b>		
Property, Plant and Equipment	(557.18)	(724.67)
Unamortized transaction cost	-	0.00
	<b>(557.18)</b>	<b>(724.67)</b>
<b>Net Deferred Tax Asset(Liability)</b>	<b>(243.02)</b>	<b>(564.62)</b>

## 42 Related Party Transactions

In accordance with the requirements of IND AS 24, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are reported as under:

### (i) Related party name and relationship

#### (a) Executive Directors:

Particulars	Designation
Shri G S Kandoi	Chairman & Managing Director
Shri Manish Singhal	Executive Director
Smt. Prity Singhal	Executive Director

#### (b) Relatives of Key Managerial Persons with whom transactions have taken place:

Particulars	Relation
Smt. Ritu Singhal	Daughter in law of Shri G.S. Kandoi
Shri Vivek Singhal	Son and brother of Directors

#### (c) Non Executive Directors, KMP and Enterprises Over which they are able to exercise significant influence (With whom transaction have taken place):

Particulars	Designation
Shri Kamlesh Sharma	Non Executive Director
Shri Jai Prakash Khandelwal	Non Executive Director from 14.02.2019
Shri Bridhi Chand Sharma	Non Executive Director from 26.02.2019
Miss Neetu Sharma	Company Secretary & Compliance Officer from 12.10.2018 to 30.10.2019
Miss Swati Singh	Company Secretary & Compliance Officer from 14.02.2020 to 25.05.2020
Shiv Ratan Sharma	Chief Financial Officer
M/s B I Enterprises Pvt. Ltd.	Related Concern
M/s Chrome International Co. Ltd.	Related Concern

### (ii) Transactions Carried Out With Related Parties referred in point 1 above in ordinary course of Business (Arms Length Transactions)

(Amount In lakhs)

Nature of Transactions	Related Parties		
	Referred to in 1(a) above	Referred to in 1(b) above	Referred to in 1(c) above
<b>Sales</b>			
Goods & Material & Services	-	-	747.18
<b>Short term Employee Benefit Expenses</b>	246.00	9.00	8.23
<b>Interest Paid</b>	104.70	-	3.49
<b>Rent Expense</b>	-	4.90	19.73
<b>Other Reimbursements</b>	-	-	-

Nature of Transactions	Related Parties		
	As at 31st March, 2020	As at 31st March, 2019	
<b>Outstandings</b>			
<b>Payable (Trade Payables and other Liabilities)</b>			
Key Management Personnel	(49.62)	1,147.42	
Relatives of Key Managerial Personnel	49.63	9.00	
End of the year	0.01	1,156.42	
<b>Executive Directors Compensation</b>			
(a) Short term Employee Benefits	246.00	249.67	
<b>Total Compensation</b>	246.00	249.67	

**43 CONTINGENT LIABILITIES****(Amount In lakhs)**

S.No.	Particulars	As at March 31,2020	As at March 31,2019
	<b>(I) Contingent Liabilities</b>		
(i)	Bank Guarantees	450.00	450.00
(ii)	Civil suit	13.76	13.76
	<b>TOTAL</b>	<b>463.76</b>	<b>463.76</b>

Note Civil Suit pending before Bombay High Court for the period related to FY2009-10

**44 CAPITAL COMMITMENTS****(Amount In lakhs)**

S.No.	Particulars	As at March 31,2020	As at March 31,2019
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	30.44	267.00
	<b>TOTAL</b>	<b>30.44</b>	<b>267.00</b>

#### 45 SHORT - TERM EMPLOYEE BENEFITS:-

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognised in the period in which the employee renders the related services

The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.

#### POST RETIREMENT BENEFIT PLANS

##### **Defined Contribution Plan:**

Contribution to superannuation fund is recognised as an expense in the Statement of Profit & Loss as it is incurred. There are no other obligations other than the contribution payable to the respective trust. Eligible employees receive benefits from a provident fund which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

##### **Defined Benefits Plan**

(i) **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

##### **Actuarial Valuation**

(Amount In lakhs)

Particulars	Current Year	Previous Year
Current Service Cost	35.95	29.45
Accrued Gratuity	154.88	85.48

##### **Recommended Contribution Rate**

(Amount In lakhs)

Particulars	Amount (Rs. )	Amount (Rs. )
Fund Value as on renewal date/Initial	126.54	112.50
Additional Contribution for existing fund	-	-
Current Service Cost	35.95	14.12
Total Amount Payable	15.67	15.53

##### **Actuarial Assumptions**

Particulars	Amount (Rs. )	Amount (Rs. )
Mortality Rate	IALM 2012-14	LIC (2006-08) ultimate
Withdrawal Rate	5% p.a.	1% to 3% depending on
Discount Rate	7% p.a.	7.5% p.a.
Salary Escalation	5%	7%

#### 46 Disclosures required under Ind AS 108

In accordance with Accounting Standard Ind AS 108 'Operating Segment', segment information has been given as follows:

##### Operating Segments:

- (i) Textile Division :-Manufacturing and marketing of terry towels, made-ups, readymade garment like bathrobes, babyhood towels, pillows etc. in the domestic and inter- national market.
- (ii) Agency Division : Consignment Stockiest of GAIL (India) Ltd. for marketing and distribution of polymers in Rajasthan and
- (iii) Technical Textile Division : Manufacturing of artificial leather through technical textile

##### Identification of Segments:

The Managing board monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

##### Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as others

##### Segment assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipments, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as others

Particulars	(Amount In lakhs)							
	Textile		Technical Textile		Others		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>1 Segment Revenue</b>								
Sales and other revenue	26,134.96	21,109.28	3,768.13	1,905.06	88.40	82.01	29,991.49	23,096.35
Other Operating Income	2,999.40	1,811.08	9.72	-	-	-	3,009.12	1,811.08
Inter Unit Transections	-52.88						-52.88	
Interest Income	11.16	10.56	1.28	1.05	171.79	159.53	184.23	171.14
Other Income	541.50	470.85	53.94	70.63	27.84	45.64	623.28	587.13
<b>Total Revenue</b>	<b>29,634.14</b>	<b>23,401.77</b>	<b>3,833.07</b>	<b>1,976.74</b>	<b>288.03</b>	<b>287.18</b>	<b>33,755.24</b>	<b>25,665.69</b>
<b>2 Segment Results</b>								
Profit before interest, depreciation & tax	4,882.69	3,832.61	34.23	(146.19)	(239.23)	221.02	4,677.70	3,907.45
Interest Expenses	596.75	378.09	112.90	172.17	141.31	127.44	850.96	677.70
Depreciation & Amortization	1,456.71	1,549.32	306.75	146.43	9.02	9.02	1,772.48	1,704.77
Provision for tax	-	-	-	-	307.17	655.43	307.17	655.43
<b>Profit/(Loss) after tax</b>	<b>2,829.23</b>	<b>1,905.20</b>	<b>(385.42)</b>	<b>(464.78)</b>	<b>(696.73)</b>	<b>(570.87)</b>	<b>1,747.09</b>	<b>869.54</b>
<b>3 Other Information</b>								
a Segment Assets	22,560.87	21,839.33	10,818.56	8,857.30	619.25	984.39	33,998.68	31,681.02
<b>Total Assets</b>	<b>22,560.87</b>	<b>21,839.33</b>	<b>10,818.56</b>	<b>8,857.30</b>	<b>619.25</b>	<b>984.39</b>	<b>33,998.68</b>	<b>31,681.02</b>
b Segment Liabilities	16,031.42	16,233.92	10,405.42	8,523.52	-5,477.86	-4,369.03	20,958.98	20,388.41
<b>Total Liabilities</b>	<b>16,031.42</b>	<b>16,233.92</b>	<b>10,405.42</b>	<b>8,523.52</b>	<b>-5,477.86</b>	<b>-4,369.03</b>	<b>20,958.98</b>	<b>20,388.41</b>

Note:- Details of Secondary Segments (Geographical):- Company has busines from India and no other place to generate revenue or expenses. Therefore total revenue (100%) is generated from India only.

**47 ASSETS PLEDGED AS SECURITY**

The carrying amounts of assets Pledged as security for current and non-current borrowings are:

(Amount In lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Current Assets</b>		
<b>Financial Assets</b>		
Floating Charge	-	-
Cash & Cash Equivalents	39.77	55.96
Receivables	7,260.30	7,257.91
Fixed Deposit lien by bank against term loan	-	-
Short Term Loans & advances	198.53	308.38
<b>Non Financial Assets</b>		
Floating Charge	-	-
Inventories	6,092.07	5,931.94
Other Current Assets	2,190.32	1,416.70
<b>Total Current assets Pledged as security</b>	<b>15,780.99</b>	<b>14,970.89</b>
<b>Non Current Assets</b>		
First Charge		
Land	4,316.26	4,371.13
Building	3,169.96	3,293.33
Furniture, fittings and equipment	112.58	104.38
Plant and Machinery including Store & Spares	7,529.45	6,249.62
Fixed Deposit lien by bank against term loan	-	-
Others	485.17	525.15
<b>Total non-current assets Pledged as security</b>	<b>15,613.42</b>	<b>14,543.61</b>
<b>Total assets Pledged as security</b>	<b>31,394.41</b>	<b>29,514.50</b>

#### 48 EARNINGS PER SHARE

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

(in number)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Issued number equity shares	5,221,000.00	5,221,000.00
Potential Equity Shares	-	-
<b>Weighted average shares outstanding Basic and Diluted</b>	5,221,000.00	5,221,000.00

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:

(Amount In lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Profit and loss after tax	1,747.09	869.55
Profit and loss after tax for EPS	1,747.09	869.55
Basic Earnings per share (in Rs.)	33.46	16.65
Diluted Earnings per share (in Rs.)	33.46	16.65

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

#### 49 INVESTMENT PROPERTY

The company has given on rent a portion of its factory building situated at C-171, Road No. 9J, VKI till Oct2019, however the portion given on rent is insignificant and major portion of the factory is used in manufacturing activities hence the company has not recognised separately such portion as an investment property by taking of the view given in para 10 of IND AS 37 "Investment Property"

#### 50 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE:

(Amount In lakhs)

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Amount required to be spent as per Section 135 of the Act	27.42	24.05
Amount spent during the year on:	0.15	2.58

## 51 Financial and Derivatives Instruments

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 as on 31.3.2020 is as under:

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of contracts	29	9
US Dollar	7,514,803	2,074,587
INR equivalent	5,520.62	1,438.44

Value of Imports on CIF basis:-

(Amount in lakhs)

Particular	As at 31st March, 2020	As at 31st March, 2019
Raw Material, Spare parts & consumables	1,188.00	1,118.36
Capital Goods	880.13	927.92

Value of Raw Material, Components, & Spare Parts consumed

(Amount in lakhs)

Particular	As at 31st March, 2020		As at 31st March, 2019	
	Amount	%	Amount	%
<b>Raw material</b>				
Imported	564.48	3.71	509.07	3.66
Indigenous	14,658.35	96.29	13,390.48	96.34
<b>Spare parts</b>				
Imported	331.44	18.92	177.36	16.15
Indigenous	1,420.44	81.08	920.78	83.85

Expenses in foreign currency

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Travelling	8.17	13.59
Commission	130.40	167.81
Marketing/ Exhibition Exp.	0.47	-
Misc. Exp.	-	1.79
Testing Fee	3.52	8.17

Earning in Foreign Currency

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Export of Goods on FOB Basis	24,714.71	19,717.37



52	<b>Estimation uncertainty relating to the global health pandemic on COVID-19</b>
	<p>“The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. It has also assessed the probability of occurrence of forecasted transactions under the hedging relationships and continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone Ind AS financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business”.</p>

In terms of our separate Audit Report of even date

For & on behalf of the Board

**FOR R SOGANI & ASSOCIATES**

Chartered Accountants

FRN: 018755C

**FOR K G PETROCHEM LTD.**

**(G. S. KANDOI)**

Chairman Cum Managing Director

DIN: 00120330

**(MANISH SINGHAL)**

Director

DIN: 00120232

**(BHARAT SONKHIYA)**

Partner

M. No. 403023

**(PRITY SINGHAL)**

Director

DIN: 0002664482

**(SHIV RATAN SHARMA)**

CFO

**Place : JAIPUR**

**Dated: 07-07-2020**