

Have a quick glance



Profile

KGN Industries Limited is the company, at present engaged into full fledged trading in agro commodities like castor seeds, castor oil, castor oil derivatives, edible oils like soybean oil, palm oil, non edible oils like petroleum products, lubricants, used oil and others in the domestic market



Our Vision

- To make a mark for itself and grow extensively in the business with its new business development plans.
- To make the company strategically strong and improve the portfolio of the Company with ethical values and creative management.
- To envisage many more tie-ups and acquisitions to tap the available business opportunities.
- To go forward in value creation for all the stakeholders.
- To bring transparency in principles, interactions and dealings of the Company.
- To build a world class professional team, create capability, upgrade it by raising the bar, and retain the best.
- Creating conducive environment for talent to blossom and encouraging their ideas thereby being the employer of the choice.
- To expand the corporate business in the field of infrastructure, power, electric city, real estate and cement.



Our Mission

- Being committed and to pursue growth opportunities aggressively to meet the profitability aspects of our esteemed Investors to earn their trust and confidence.
- To make the Company practice high standards of corporate governance and be a financially sound company.
- To maintain reliability, quality and operational efficiency and competitiveness by pursuing, grasping more and more opportunities and thereby delivering profitable growth.

Develop succession planning through a robust people review process.

- To start export of company's various products like soybean oil, palm oil, non edible oils and other agro commodities.
- To expand the corporate business in the field of farming as well availability Company's own warehousing and storage facility.
- To diversify the business of the Company through establishment of SEZ (Special Economic Zone) for Agro based produces.
- To diversify the business of the Company by initiation of import and export of various stones in Bullions market.



Corporate Objective

- Review, monitor and approve major financial & business strategies and corporate actions
- Assess critical risks facing the Company – review options for their mitigation.
- Meeting with the customers' expectations by creating customer centered and responsive business model for their satisfaction.
- To create an affordable lifestyle for people through constant upgradation of technology, infrastructure and innovative practices.
- Create motivation that goes beyond money, through value added to one's self in terms of career development and training for our employees.

MESSAGE FROM THE CHAIRMAN'S DESK

DEAR SHAREOWNERS,

My self and Board of Directors, Welcome you to the Fourteenth Annual General Meeting of your Company and thank you for your attendance here today. Each of you has had a copy of the Annual Report for some time now and with your permission I am pleased to present the results of yet another successful year for the KGN Industries Limited.

We have always looked at our business with an outside-in focus, starting with the customer first to co-create value. We believe that customer's faith, trust in efficiency and quality of services is an essential element for success for any business. And the same helped us to exceed our best expectations and achieve a quantum jump in our financial performance for the year 2009-10.

Along with our knowledge-based innovative marketing strategies, which we fine-tuned even more, we geared up to face the challenge of the poor monsoon. We continued the cost management exercise which we began last year. We also improved on our expenses, down. While we reduced receivables and expenses, we were strict on credit policies. Incentives for sales employees were linked with collections and we set targets for these. Our special credit cell continues to perform well. The next three to five years will be challenging for

our company as we continue on our mission of becoming the preferred high-tech solutions provider in the manufacturing of castor oil. We are also hopeful for establishment of corporate farming and edible refinery in the coming years.

The Company has taken adequate steps to ensure that all mandatory provisions governing corporate governance as prescribed under the Listing Agreement of the Stock Exchange have been complied with. Overall, our improved performance can be attributed to successful penetration of the Indian market for agro inputs (seeds) despite the drought, sustained export volumes and a continuous focus on cost management. That brings me to our Pledge because it is the foundation of all that we do, internally and externally. Integrity is the core of our Pledge. We remain committed to it. Our pledge had five elements focused on external stake holders - Dialogue, Transparency, Respect, Sharing and Delivering Benefits.

I am confident that as we continue to work more closely with clients on their most strategic and critical transformation initiatives, we will both succeed. And we shall have even better results to mark the Fifteenth anniversary of KGN Industries Limited. We are committed to the development of competitive but fair Company and look forward to build on success stories and winning strategies.

Rapid globalization, market liberalization, and urbanization have created new opportunities for increased trade in agricultural and food products in national, regional and international markets, but they have also created challenges and increased risks.

There is now need of strengthening expertise and capacity for establishing enabling policies, services and development of technical support and value chains in conjunction with regional and national partners. The Company shall take timely initiative and expresses hope for enhancing productivity and profitability of the Company.

I wish to place on record the Board's appreciation of the efforts of the employees in achieving good performance during the year. I also take an opportunity to thank my colleagues on the Board for their advice and guidance. Over and above this we thank our customers and business partners for their wholehearted involvement and efforts in the past year. And finally, I thank you all stakeholders for your continued support appreciation and interest in the affairs of the Company. I proud to count myself among all of you, and I further look forward to working with you, and our clients.

Best Regards,

Arif Ismail Memon

Place : Mumbai
Date: 27th August, 2010

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KGN INDUSTRIES LIMITED

BOARD OF DIRECTORS : Arif I. Memon Chairman & Managing Director
Aftab I. Kadri Director
Babulal J. Hirani Director
Janki R. Vaghela Director (w.e.f. 26.07.2010)
Kashyap S. Jethva Director (upto 30.09.2009)

AUDITORS : **M/s. Kiritkumar & Co.**
Chartered Accountants
4, Nina Society,
Nr. Shreyas Railway Crossing,
Ambawadi, Ahmedabad-380015.

BANKERS : (1) **STATE BANK OF INDIA,**
Navarangpura Ahmedabad
(2) **HDFC BANK LIMITED**
Paldi, Ahmedabad
(3) **AXIS BANK LIMITED**
Law Garden, Ahmedabad
(4) **ABN AMRO BANK LIMITED**
Parimal Garden Cross Road, Ahmedabad
(5) **BANK OF BARODA**
Ashram Road, Ahmedabad
(6) **ORIENTAL BANK OF COMMERCE**
Ashram Road, Ahmedabad

REGISTERED OFFICE : 401, Shrinivas Building,
382-384 Narshi Natha Street,
Katha Bazar,
Mumbai – 400 009

**REGISTRAR & SHARES
TRANSFER AGENTS** : Link Intime India Pvt. Ltd.
(formerly known as Intime Spectrum Registry Ltd.)
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad - 380 009.
Telefax No. : 91-79 - 26465179
Email:ahmedabad@linkintime.co.in

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of **KGN INDUSTRIES LIMITED**, will be held on Wednesday the 29th September, 2010 at 11.00 A.M. at Patel Restaurant, 95/97, Topiwala Mansion, Masjid Bunder, Mohamed Ali Road, Mumbai- 400 003 to transact the following businesses:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Babulal Hirani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.
4. To declare Dividend on Equity Shares.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**.

“**RESOLVED THAT** pursuant to provision of section 260 and all other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company, Ms. Janki R. Vaghela who was appointed as an Additional Director in the meeting of the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom a notice u/s 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Ms. Janki R. Vaghela as candidate for the office of Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include a committee which the Board may constitute for this purpose) to borrow such sum or sums of money in any manner from time to time, as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as they may think fit, which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) at any time shall not exceed a sum of ` Rs. 50 Crores (Rupees Fifty Crores) over and above the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper, desirable or expedient to give such effect to this Resolution.”

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

“**RESOLVED THAT** pursuant to provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company do hereby accorded to the Board of Directors to mortgage and / or create charge on all or any of the movable or immovable properties (both present and future) of the Company or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or to be obtained from any financial institution or bankers or person or person together with interest, cost, charges, expenses and any other money payable by the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be authorised to do all such acts, deeds, and things as may be necessary to give effect to the foregone resolution for and behalf of the Company.”

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

“**RESOLVED THAT** pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company be and is hereby authorised to invest in securities of any other bodies corporate by way of subscription/purchase or otherwise and/or place inter corporate deposits with and/or make loan or any other form of debt to and/or give guarantee in connection with loan(s) given by any other person(s) to other bodies corporate upto a sum of 50 Crores (Rupees Fifty Crores) notwithstanding that the aggregate amount of loans and investments made in so far or to be made and the guarantees given or to be given to all bodies corporate, exceeds the limit laid down in the act.”

“**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof be and is hereby authorised to determine the actual sum of loan to be advanced to other bodies corporate or investment to be made in other bodies corporate or provide guarantees or securities that may be provided by the Company to other bodies corporate within the above ceiling limit and to do all or any of the matters arising out of and incidental to the giving of loan or investment or guarantee or providing securities by the Company as aforesaid.”

9. To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

“**RESOLVED THAT** pursuant to application provisions of the Foreign Exchange Management Act, 1999 (FEMA), the companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment there of for the time being in force) and subject to all requisite approvals, permission and sections and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed by the board of Directors of the Company and/or a duly authorised committee thereof for the time being exercising the powers conferred by the board of Directors (hereinafter referred to as “the Board”), the consent of the Company be and is hereby accorded for investments by Foreign Institutional investors including their sub-accounts (hereinafter referred to as “ the FIIs”), in the shares or debentures convertible into shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 74 (seventy four) per cent of the aggregate paid up equity share capital or paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.”

“**RESOLVED FURTHER THAT** the Board be and is here by authorised to all such acts, deeds, matters and things and execute all documents or writing as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

10. To consider and if thought fit, to pass, the following resolution as a Special Resolution:

“**RESOLVED THAT** to the provisions of Section 80, 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed and in accordance with the guidelines issued by the Government of India (GOI), Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and/or any other competent authorities and clarifications thereof issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and subject to such approvals, permissions, consents and sanctions as may be necessary from the GOI, RBI, SEBI and/or any other competent authorities

and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company ((hereinafter referred to as the Board' which expression shall include any Committee constituted for the time being, thereof), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranches, outside India, with or without premium, denominated in any foreign currency, such number of Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or optionally / compulsorily convertible/ redeemable Foreign Currency Convertible Bonds (FCCBs) in the nature of shares and/or warrants, naked or otherwise, convertible into shares or otherwise, either in registered or bearer forms and/or any such security convertible into equity shares with face value of Rs.1 each or otherwise (hereinafter referred to as 'financial instruments') or any combination of the financial instruments, in the international market aggregating to an amount not exceeding US \$ 50 Million to the existing promoters and/or its associates or nominees or group companies or person acting in concert whether or not they are members of the Company, on preferential offer basis, to the extent and in the manner as may be decided by the Board in this behalf."

"RESOLVED FURTHER THAT the Company and/or any other entity, agency or body authorised and/or appointed by the Company may issue Depository Receipts representing the underlying financial instruments issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital market for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchanges inside or outside India) and under the forms and practices prevalent in the international market."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board in consultation with the Lead Managers, Advisors, Merchant Bankers and/or other persons as appointed by the Company be and is hereby authorised to finalise the timing of the issue and accept any modifications to the terms of the issue as may be required and any other matter in connection with and incidental to the issue."

"RESOLVED FURTHER THAT:

- i. The equity shares issued upon conversion of financial instruments, so issued and allotted when fully paid up, shall rank pari passu with the existing equity shares of the Company.
- ii. The relevant date for determining the pricing of the securities on issue of equity shares underlying the GDRs/ADRs or securities issued on conversion of FCCBs is the date of the meeting in which the Board decides to open the proposed issue or such date as may be notified by the Ministry of Finance or RBI from time to time;
- iii. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, things and matters as the Board may, in its absolute discretion, consider necessary, proper, desirable for making the said issue and settle any question, query, doubt or difficulty that may arise in this regard."

BY ORDER OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Sd/-

Date : 27.08.2010
Place : Mumbai

Arif Ismail Memon
Chairman & Managing Director

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER
THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members and Share Transfer Books will remain closed from **Friday 24th September, 2010 to Wednesday, 29th September, 2010 (both days inclusive)** for the purpose of Annual General Meeting of the Company.
- (c) The Explanatory Statement, pursuant to sec. 173(2) of the Companies Act, 1956, in respect of the special business as per item no. 5 to 10 is annexed herewith.
- (d) All correspondence relating to Change of Address & Shares of the Company may please be addressed to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Private Limited at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Ahmedabad-380 009.
- (e) Members seeking further information about the Accounts and/or Operations of the Company, are requested to send their queries to the Company at its Registered Office atleast TEN days before the date of the Meeting.
- (f) In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.

ANNEXURE TO NOTICE

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2)
OF THE COMPANIES ACT, 1956.**

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 5 :

The Board of Directors had appointed Ms. Janki R. Vaghela as Additional Director of the Company with effect from 26th July, 2010 to hold the office upto the date of Annual General Meeting.

As required under section 257 of the Companies Act, 1956 notice has been received by the Company from a Member of the Company signifying his intention to propose Ms. Janki R. Vaghela as the candidate for the office of Director of the Company. The Company has also received the deposits of Rs. 500/- from the said Member as required under the Act.

The Board of Directors recommends her appointment as Director.

None of the Director except Ms. Janki R. Vaghela is in any way concerned or interested in the said Resolution.

ITEM NO. 6 :

The members of the Company has at its meeting held on 27.08.2010, authorised the Board to borrow upto an amount of '50 Crores (Rupees Fifty Crores) in excess of the aggregate paid up capital and free reserves of the Company.

To facilitate future business expansion and to provide resources to meet additional fund requirements for the growing operations of the Company, it is proposed to enhance the present borrowing limits. Approval of the members is therefore sought pursuant to Section 293(1)(d) of the Companies Act, 1956, to increase the borrowing limits to 50 Crores (Rupees Fifty Crores) over and above the paid up capital and free reserves of the Company and to authorise the Board of Directors accordingly.

The Board of Directors accordingly recommend the resolution set out in Item No. 1 of the Notice for your approval.

None of the Directors of the Company is concerned with or interested in this Resolution.

ITEM NO. 7

your approval under Section 293(1)(a) of the Companies Act, 1956, is also being sought to enable the Board to mortgage and / or create charge on all or any of the movable or immovable properties (both present and future) of the Company or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or to be obtained from any financial institution or bankers etc.

The Board recommends the resolution for approval of the members as Special Resolution.

None of the Directors is concerned or interested in the said resolution.

ITEM NO. 8

Your Company is proposing to make investment in the areas of business of the Company as a measure of achieving better financial flexibility and to enable optimal financial structuring to facilitate speedy implementations of various projects. Keeping in view the need to take advantage of any prospective acquisition or expansion opportunities and investment in other projects directly or indirectly it has become necessary to enhance the limit for making investment in securities, granting loan(s), giving guarantee(s) and/or providing securities to any other bodies corporate.

It is proposed that the Board of Directors be authorised to invest an amount upto 50 Crores (Rupees Fifty Crores) by way of subscription/purchase or grant of loan or giving guarantee(s), providing securities from time to time in one or more tranches.

As per the provisions of Section 372A of the Companies Act, 1956 the Board has power for the above transaction only upto the limit of sixty percent of paid up capital and free reserves or hundred percent of its free reserves.

Accordingly approval of the members by special resolution is sought to have an enabling authority to take or provide loans/securities/guarantee to secure these loans or invest in other companies/ joint ventures/ firms in India and abroad upto 50 Crores (Rupees Fifty Crores), over and above the limits prescribed under Section 372A of the Companies Act, 1956 from time to time.

The Board recommends the resolution for approval of the members as Special Resolution.

None of the Directors is concerned or interested in the said resolution.

ITEM NO. 9

The foreign institutional investors (FIIs) have assumed a crucial role in the Indian capital market. It is proposed to facilitate greater FII investment in the Company, which would not only provide depth and liquidity to the Company's shares but will also reflect the Company's commitment to the highest standards of disclosures, transparency and corporate governance, its operational efficiencies, global competitiveness, and proven management track record, which are the preferred investment qualifications for FIIs. In terms of the provisions of Portfolio Investment Scheme under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs) may invest in the equity shares/convertible debentures up to the sectoral cap/statutory limit as applicable to the Indian companies, subject to the approval of the Board of Directors and approval of Members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on 27.08.2010, inter alia, proposed, subject to the approval of Members by way of a special resolution, for investments by Foreign Institutional investors including their sub-accounts (hereinafter referred to as "the FIIs") upto 74 per cent of the paid up Equity Capital or paid-up value of the respective series of the convertible Debentures of the Company.

The resolution set out at Item No. 9 of the accompanying Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorised dealers within the revised ceiling

under the Portfolio Investment Scheme of the Reserve Bank of India. The Board of Directors accordingly recommend the resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO. 10

In order to augment the resources for implementing the expansion / diversification / acquisition plans and in order to augment Long Term Working Capital requirements, the Company proposes to issue and allot securities in the Domestic/ International market as may be decided by the Board of Directors in one or more tranches as detailed in Item no.10 of this notice. The funds so raised would also improve the net worth of the company and give financial strength for implementing its expansion plans.

It is accordingly proposed to obtain as enabling resolution from the Members of the company so as to issue securities in international market as contemplated in the resolution set out above at such time and on such terms as may be decided by the Board and found to be expedient and in the interests of the company. The proposed issue will be subject to the approval of appropriate authorities and within frame works of the guidelines issued by the SEBI etc In this regard.

The detailed terms and conditions of the issue as and when made will be determined by the Board of Directors in consultation with the Merchant bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with approvals, required if any, of the Government of India, Reserve Bank of India and other statutory authorities. The Issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of offer depending on the then prevailing market conditions and as per the applicable rules-guidelines Issued from time to time. The securities will be listed on such International/ Indian Stock Exchanges as the Board may be advised and as may be applicable. The said securities may if necessary be secured by way of mortgage/hypothecation on the company's assets in the favor of security holders/trustees for the holders of such securities.

Section 81 of the Companies Act, 1956, and as per the Listing Agreement executed by the company with various stock exchanges, provides inter alia where it is proposed to increase Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the existing equity shareholders in proportion to the capital paid up on those shares as of that date unless the shareholders in General Meeting decide otherwise.

As such the consent of members is being sought under Section 81 (1A) of the Companies Act, 1956 and other applicable provisions, if any, and in terms of Listing agreement executed by the company with the Stock Exchange(s) where the company's share are listed for authorizing the Board of Directors, to issue Shares/ Securities convertible into Equity Shares, to issue to the holders of such Convertible Securities in such manner and such number of equity shares on the conversion as may be required to be issued in accordance with the terms of the issue. This special resolution gives adequate flexibility and discretion to the Board to finalize the terms and conditions in consultation with the lead Managers, Underwriters, Legal Advisors and experts or such other authority as need to be consulted including pricing of the issue which will be a free market pricing and may be at premium or discount in accordance with the normal practice and also power to issue and market any securities issued pursuant to the international offer including the power to issue such Securities in such tranche or trenches with / without voting rights and partially to existing shareholders and partially to persons other than existing shareholders, as the Board of Directors may decide in their absolute discretions.

The Board of Directors, therefore, recommends the Resolution set out at Item no. 10 of accompanying notice for the approval of members as a Special Resolution.

None of the Directors is concerned or interested in the said resolution.

BY ORDER OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Sd/-

Date : 27.08.2010

Place : Mumbai

Arif Ismail Memon
Chairman & Managing Director

ANNEXURE FORMING PART OF AGM NOTICE**PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ENSUING 16TH ANNUAL GENERAL MEETING PURSUANT TO PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT:**

Name of director	Miss Janki R Vaghela
Date of Birth	12.02.1983
Date of initial appointment	26.07.2010
Qualification	B.A.
Expertise in specific functional area	Nil
No. of shares held in the company	Nil
List of other companies in which holds Directorship as on 31.03.2009	Nil
Chairmanship/ membership of committee of Directors of the company	Nil
Chairmanship/ membership of committee of Directors of other company	Nil

BY ORDER OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Sd/-

Arif Ismail Memon

Chairman & Managing Director

Date : 27.08.2010

Place : Mumbai

DIRECTOR'S REPORT

To,
The Members,
KGN INDUSTRIES LIMITED
AHMEDABAD

Your Directors have pleasure in presenting herewith their 16th Annual Report and together with the Audited Statements of Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS : (Rs. in Lacs)

PARTICULARS	For the Year ended on 31.03.2010	For the Year ended on 31.03.2009
Gross Income	6349.71	8213.71
Expenditure	6186.78	8080.09
Profit / Loss before taxation and depreciation	162.94	133.62
Depreciation	3.74	2.17
Profit Before Tax	159.19	131.45
Provision for taxation	56.66	45.43
Profit for the year	102.53	86.02
Profit Brought Forward	215.63	155.64
Profit available for appreciation	317.81	241.66
Deferred Tax	0.35	Nil
Transfer to General Reserves	Nil	Nil
Proposed Dividend on Equity Shares	22.25	22.25
Dividend Tax	3.78	3.78
Balance carried to Balance Sheet	291.78	215.63
Basic Earning Per Share	0.05	0.39

DIVIDEND :

Your directors have recommended to maintain the payment of dividend @ Re.0.01 per share for the financial year 2009-2010. On its approval and payment, aggregate cash out flow would be Rs. 26,03,139/-including dividend tax of Rs. 3,78,139/- you are requested to approve

PRESENT OPERATIONS :

The Company's operations were satisfactory during the year under review. The sales of the company ended to Rs. 6,349.71 Lacs in comparison to the previous year of Rs. 8213.71 Lacs. Due to recession in the economy, there was less volume of sales in the agro commodities.

SHIFTING OF REGISTERED OFFICE :

During the year under review the registered office of the Company has been shifted from the state of Gujarat to the state of Maharashtra w.e.f. **10th July, 2010.**

FUTURE PROSPECTS :

Looking at the present economic scenario all over the world the company is proposing to inject the funds for its day to day operation. The injection of funds can be done through the ADR's/GDR's in the nearby future.

The quantum of funds require is from the overseas market. The necessary approvals required for the completion of this entire process shall be taken after fulfilling the requirements thereof by the Company.

The Company plans to take the business on international level and trade the commodities and other products in the international market. At the domestic front, the company will increase the volume of its trading business.

There are tie-ups in pipeline with big business associates in the related commodities and the company will enter into long term agreements for continuous flow of business with these companies.

The Board has pleasure in informing that the Company has formed a subsidiary company KGN Projects Limited w.e. from 26.03.2010 for entering into the housing and infrastructure sector in the near future. Other activity relating to implementation of Project is under process.

The Board has also pleasure in forming that the Company is also proposing to form its foreign subsidiary company for entering into the oil and gas exploration activities in USA/other countries in international market in the near future.

The Company aims to make a mark for itself and grow extensively in the existing and proposed business with its new business development plans.

COMPLIANCE TO CODE OF CORPORATE GOVERNANCE :

The Company is a listed company and is complying with the conditions specified in Clause 49 of the Listing Agreement. A separate section on Code of Corporate Governance is annexed with this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

A separate report on Management Discussion and Analysis Report is attached herewith and form part of the Directors Report.

ENVIRONMENT PROTECTION :

Your company is not engaged in any type of manufacturing activities. It is not generating any type of pollution. Hence the regulations on Pollution Control are not applicable to the company.

INSURANCE AND PROTECTION OF ASSETS :

Your Company's all fixed, movable and tangible assets are properly insured against all available commercial, natural and human hazardous risks from approved insurance companies. During the year under review your company has not made any insurance claim and no such claims are still pending for settlement / payment.

FIXED DEPOSITS :

During the year under review, the Company has not accepted any deposits from the public in terms of section 58A & 58AA of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY ETC. :

The statement of particulars with respect to conservation of energy, technology absorption and Foreign Exchange earning and outgo pursuant to section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company and hence not given.

PARTICULARS OF EMPLOYEES :

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m. during the financial year under review.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 (the Act) and the Company's Articles of Association, Shri Babulal J. Hirani, Director of the Company, retires from the Board by rotation and being eligible offers himself for re election.

The Board of Directors had appointed, Miss Janki R. Vaghela as Additional Director of the Company with effect from 26th July, 2010 to hold the office upto the date of ensuing Annual General Meeting. Notice under Section 257 of the Companies Act,1956 has been received from the Members of the Company proposing the appointment of Miss Janki R. Vaghela as Director of the Company at the ensuing 16th Annual General Meeting of the Company.

The Board of Directors offers gratitude to Shri Kashyap S. Jethva being former director who served this company and made tremendous efforts for the smooth running of business. He has tendered his resignation to the Board at its meeting held on **30/09/2009**.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of Companies Act, 1956 the Directors confirm:-

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE :

In terms of provisions of section 292A of the Companies Act, 1956 & Clause 49 of the Listing Agreement executed with the Exchanges, your Company has constituted the Audit Committee of the Board of Directors. Details of the Committee is given in Annual Report as Report on Corporate Governance.

LISTING :

The shares of the Company are listed at Bombay Stock Exchange Ltd. The Company has paid Listing fees to the Stock Exchange for the year 2009-10.

AUDITORS :

M/s. Kirit Kumar & Co, Chartered Accountants Auditors of the Company hold office upto the date of Annual General Meeting. M/s. Kirit Kumar & Co, have also confirmed to the company that the appointment if made at the ensuing Annual General Meeting, will be in accordance with the provisions of the Companies Act, 1956.

INDUSTRIAL RELATIONS :

The industrial relations with employees remained cordial through out the year. Your Directors wish to place on record their appreciation of the devoted services rendered by the workers, staff and employees of the Company.

INTERNAL AUDIT :

Mr. Aftabahmed I Kadri, Independent Director is a Chairman of Audit Committee. The company has established internal audit system within the organization which is directly reporting to him. An Internal Audit Report is regularly placed before the Audit Committee for their approval, comments and expert guidance.

AUDITORS OBSERVATIONS :

There are no observations made by auditors in their report. Notes to the Accounts are itself self explanatory in nature.

APPRECIATION :

Your Directors wish to thank the Company's valued customers and various department of Central & State Government, Local Authorities, Banks, devoted staff and other business associates for continued support to the Company's growth and looking to their continued support in the future.

The Directors also express their gratitude to the members for the confidence reposed in the management.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Sd/-

Date: 27.08.2010

Place : Mumbai

Arif Ismail Memon
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

As required under clause 49 of the Listing Agreement the Management Discussion & Analysis report is given below :-

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Company is carrying on the business of trading of agro commodities like castor seeds castor oil castor oil derivatives edible oils like soya bean oil, palm oil, non edible oils like petroleum products lubricants used in the domestic market as well as import of cut & polished diamonds. Performance of the company has been affected due to stiff competition in the market.

OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS :

As far as the future outlook is concerned, the company is expected to increase the scope of the business in the future, considering the fact that industrial growth picks up. The company is developing business activities for manufacturing the better products for industrial use which over a period of time shall have potential to be profitable. The Company is also exploring the much thrust area of Exports.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your Company is committed to maintaining high standards of internal controls designed to provide accuracy of information, efficiency of operations, and security of assets. The company has adequate internal controls commensurate with the size and nature of its operations to ensure orderly and efficient conduct of business.

These controls ensure the safeguarding of assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records, timely preparation of reliable financial information and adherence to companies policies, procedures and legal obligations. The audit committee of the Board of Directors meets periodically to review the performance as reported by the auditors.

FINANCIAL PERFORMANCE :

Company's sales for the Financial year 2009-2010 is Rs. 6219.74 Lacs. The net profit for the Financial Year under review is Rs.102.18 Lacs. The Sales and the profitability has been less compared to sales and profitability of previous year due to trend in the recessionary economy worldwide. However, due to efficient and powerful business strategies, the Company would survive the global recession and retain its market share.

CAUTIONARY STATEMENT :

Management Discussion and Analysis Report are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include global and Indian market conditions, changes in the Government Regulations, Tax regimes, WTO Regulations and such other factor.

The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis, of any subsequent developments, information or events.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Sd/-

Arif Ismail Memon

Chairman & Managing Director

Date: 27.08.2010

Place : Mumbai

REPORT ON CORPORATE GOVERNANCE :

As required under Clause 49 of the Listing Agreement executed with the Stock Exchange, a Report on Corporate Governance is given herein under. The said report is forming part of Annual Report of the Company for the year 2009-2010.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Your Company always follows good corporate practice. Compliance of code of Corporate Governance means disclosures of all material facts in annual account, fair and transparent business policy, maintenance of high ethical standards in its dealings with shareholders, customers, suppliers and employees of the Company, formation of fair strategic planning with balancing the interest of all the parties. Your company and its management has committed to achieve good corporate governance practice.

2. BOARD OF DIRECTORS :

(a) Composition of Board :

Board of Directors of your Company consists of four directors. Shri Arif I. Memon is a Chairman & Managing Director of the Company.

(b) Board Meetings, Attendance of each Director at the Board Meetings and Annual General Meeting :

Total Nine Board Meetings were held during the financial year 2009-2010. The dates on which the said meetings were held are given herein under :

28th April, 2009, 6th June, 2009, 8th July, 2009, 31st July, 2009, 31st August, 2009, 23rd September, 2009, 30th September, 2009, 12th December, 2009, 29th January, 2010.

Sl. No.	Name & Designation of the Directors	Category	Attendance at BM FY-2009-10	Attendance at AGM FY-2008-09	Other Directorship	No. of Committee Position held in the Company as on 31.03.2010 as a	
						Chairman	Member
1.	Shri Arif I. Memon (Chairman & Managing Director)	Promoter-Executive	9	Yes	1	-	2
2.	Shri Aftabahmed I.Kadri (Independent Director)	Professional -NE	9	Yes	-	1	1
3.	Shri Babulal J.Hirani (Professional Director)	Professional -NE	9	Yes	1	1	1
4.	*Shri Kashyap S.Jethva (Professional Director)	Professional -NE	7	No	-	-	1
5.	**Miss Janki Vaghela Additinal Director	IND – NE	-	No	-	-	-

Note :- * upto 30.09.2009, ** w.e.f. 26.07.2010

NI : Non-Independent, NE : Non Executive, IND : Independent. EXE : Executive

3. AUDIT COMMITTEE :

(a) COMPOSITION OF COMMITTEE :

Your Company had constituted an Audit committee as required under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Committee assists the Board in matter of accounts and finance.

Audit Committee consist followings members :

1. Aftabahmed I Kadri Chairman
2. Arif I. Memon Member
3. Babulal J. Hirani Member

(b) TERMS OF REFERENCE:

Terms of reference of Audit committee are given here in under:

1. To oversee the Company's financial reporting, process and disclosures of its financial information.
2. To review financial statements and pre-publication announcements before submission to the Board.
3. To recommend the appointment of statutory auditors and fixation of their remuneration, to review and discuss with the auditors about internal control system, the scope of audit including observations of auditors, major accounting entries, practice and policies, compliance with accounting standards & Listing Agreement, related party transactions.
4. To review the Company's risk management policies and discussion with auditors any significant findings and follow up thereon.

(c) MEETINGS AND ATTENDANCE DURING THE YEAR :

Audit committee duly met 5 times during the financial year 2009-2010. The attendance of the members at Audit Committee meeting were as follows :

SR. No.	Name of Members	Designation	Meetings Attended
1.	Shri Aftabahmed I Kadri	Chairman	5
2.	Shri Arif I. Memon	Member	5
3.	Babulal J.Hirani	Member	5

4. REMUNERATION COMMITTEE :

The Company has not constituted Remuneration Committee, the Board of Directors of the Company decide the remuneration policy of the Company.

5. SHARE TRANSFER AND INVESTOR'S GRIEVANCE COMMITTEE :

SR. NO	NAME	TYPE
1	Shri Babulal J. Hirani	Chairman
2	*Shri Kashyap S. Jethva	Member
3.	**Shri Aftabahmad Kadri	Member
4.	**Shri Arif Memon	Member

Note :- * upto 30.09.2009 ** w.e.f. 01.10.2009

The committee looks after all aspects of business related to shares and retail investors. The committee also approves the requests for issue of duplicate share certificate, new certificate, transfer and transmission of shares.

The Committee is also empowered to keep all records of Shareholders, Statutory Registers relating to shares and securities, maintaining of the complete records of shares Demated, Investors Grievances, Complaints received from investors.

The Committee has been consulting Shri Umesh Ved, Practicing Company Secretary for resolving the legal cases and problems relating to the investors, shares etc.

Company had not received complaints from the Investors during the financial year 2009-2010.

6. GENERAL BODY MEETING :**(a) DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS :**

Year	Location	Date	Day	Time	No. of Special Resolution
2006-2007	A-504, Samudra Complex, 5 th Floor, Near Classic Gold hotel, S. P. Nagar, Navrangpura, Ahmedabad-09	27 th September, 2007	Thursday	09.30 A. M.	Nil
2007-2008	Lions Club (Society) of Ahmedabad, Lions Hall, Nr. Mithakhali Six Road, Ellisbridge, Ahmedabad-06	26 th September, 2008	Friday	03.30 P.M.	5
2008-2009	Lions Club (Society) of Ahmedabad Lions Hall, Nr. Mithakhali Six Road, Ellisbridge, Ahmedabad – 06	30 th September, 2009	Wednesday	09.30 A.M.	

(b) POSTAL BALLOT :-

The Company has passed the necessary resolution as approved by the members of the company for shifting of Registered Office from the State of Gujarat to State of Maharashtra by passing the resolution through Postal Ballot as on 03.05.2010 .

7. DISCLOSURES :

The particulars / details of transactions between the Company and its related parties as per the Accounting Standards are set out in the Notes Forming Part of Accounts – Schedule – 1 to 18 forming parts of the Accounts. These transactions are not likely to have any conflict with the Company's interest.

All details relating to financial and commercial transactions, where Directors may have a potential interest, are provided to the Board and interested Directors neither participate in the discussion, nor do they vote on such matters.

There are no instances of non compliances by the Company necessitating imposition of penalties, strictures on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement and has not complied with non mandatory requirements.

WHISTLE BLOWER POLICY :

The standard of behavior of company is governed under the chairmanship of Shri Arif Memon, Chairman & Managing Director. He will be further assisted by the Chief Operational Officer(C.O.O.) and Chief Financial Officer(C.F.O.). The Company has Chief Operational Officer under which employees can report suspected code violations directly to him.

8. MEANS OF COMMUNICATION :**A. COMMUNICATION OF FINANCIAL RESULTS**

The quarterly financial results are published in the News Paper Western Times (Gujarati & English) on completion of each quarter and same are being submitted to the Bombay Stock Exchange Ltd. where the shares are listed. The same is also put of the web site of the Bombay Stock Exchange Ltd.

B. INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD

The company has established the Management Information System whereby each and every Functional department is providing their performance reports and any type, nature, description of problems to their Functional heads. The functional heads have autonomy for solutions of problems and HRD problems

or functional problems at their own level. Any problems requiring policy decisions are being intimated to Audit Committee for solution or amendments in the policy and procedure. The progress report are being regularly on monthly basis intimated to the Audit Committee through the Financial Officer of the company who in turn the put the same to the Audit Committee meetings. All the investors grievances or share department related quarries are addressed to the Compliance Officer who in turn put the same to the Investors Grievance Committee.

C. INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD :

Both Audit Committee and Investors Grievance Committee receive periodical regular information from the concerned functional heads, after resolutions of all the problems communicate back the same to the functional heads for further communications. The progress report and minutes of all meetings held of both the committees are being placed before the Board for information and taking the same on records.

D. INFORMATION SYSTEM BETWEEN THE COMPANY AND THE INVESTORS :

The company is regularly taking on record the unaudited financial results on quarterly basis as per requirements of clause 41 of the Listing Agreement and the same is intimated to the stock exchanges in time and are also published in English and Gujarati edition of Western Times. The material information relating to the business of the company are being intimated to the Stock Exchanges who in turn publish the same in their daily official bulletin. The Audited Financial Balance Sheet is being dispatched to every member in time at their registered addresses.

E. STATUTORY COMPLIANCES MADE AND RETURNS ETC. FILED :

The company has duly complied with the provisions of the Companies Act, 1956 and all the provisions of the Listing Agreement. The company has also filed various unaudited financial results, balance sheets, income tax returns and other statutory returns with all the authorities in time. There are no defaults as on date in any such compliances and no legal action of any nature has been taken against the company or its officers/directors.

9. CEO / CFO CERTIFICATION :

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) certifies on the financial statement pursuant to the provisions of Clause 49 of the Listing Agreement is annexed and forms part of the Annual Report of the Company.

10. GENERAL SHAREHOLDER INFORMATION :**A. DETAILED PROGRAMME OF THE 16TH ANNUAL GENERAL MEETING :**

Date : 29th September, 2010

Time : 11 A.M.

Day : Wednesday

**Venue : Patel Restaurant, 95/97, Topiwala Mansion,
Masjid Bunder, Mohamed Ali Road,
Mumbai - 400 003.**

FINANCIAL CALENDAR 2010-2011 (TENTATIVE) :**Results for Quarter :**

Ending on 31st March , 2010 : 2nd week of May, 2010

Ending on 30th September, 2010 : 2nd Week of November, 2010

Ending on 31st December, 2010 : 2nd Week of February, 2011

Ending on 31st March, 2011 : 2nd Week of May, 2011

D. DATE OF BOOK CLOSURE : 24th September, 2010 to 29th September, 2010 (Both Days inclusive)

E. LISTING ON STOCK EXCHANGES: & STOCK CODE:

NAME OF STOCK EXCHANGE	CODE
Bombay Stock Exchange Ltd.	: 531612

F. DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) FOR EQUITY SHARES : INE196C01022

G. DEMATERIALISATION OF SECURITIES :

50.3119% of the Company's Equity Share Capital is dematerialized as on 31st March, 2010, by the members of the Company through NSDL and CDSL.

H. SHARE TRANSFER SYSTEM :

Trading in equity share of the Company is permitted in physical and dematerialized form. Share transfer in physical form and request for demat received by the Registrar and Transfer agent are registered and returned within the statutory period, provided all documents are valid and complete in all respects.

I. REGISTRAR & TRANSFER AGENT :

Link Intime India Pvt. Ltd.
(formerly known as Intime Spectrum Registry Ltd.)
211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad - 380 009.
Telefax :- 079-26465179
email :- ahmedabad@linkintime.co.in

J. ADDRESS FOR COMMUNICATION, REGISTERED OFFICE & WORKS :

Registered Office :-
401, Shrinivas Building,
382-384 Narshi Natha Street,
Katha Bazar, Mumbai - 400 009.

Corporate Office :
A-504, Samudra Complex, Nr. Hotel Classic Gold,
C.G. Road, Navrangpura, Ahmedabad-380009.

K. MONTHWISE STOCK MARKET DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1ST APRIL, 2009 TO 31ST MARCH, 2010.

PERIOD FROM April, 2009 TO March, 2010	PRICE PER SHARE		NO. OF SHARES TRADED
	HIGH (Rs.)	LOW (Rs.)	
April, 2009	338.2	157.10	2208
May, 2009	358.55	141.65	7048
June, 2009	800	376.45	18650
July, 2009	790	422.80	12412
August, 2009	773.65	77	69319
September, 2009	348.25	184.95	118715
October, 2009	305.25	194.2	205281
November, 2009	228.30	126.80	198294
December, 2009	206.85	162.35	653153
January, 2010	383.75	195	905924
February, 2010	342.15	255.45	378603
March, 2010	385	326	1240826

L. SHAREHOLDING PATTERN AS ON: 31ST MARCH, 2010.

SR.NO.	CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHARE HOLDING
1	Indian Public	112042211	50.356
2	NRIs/OCBs/FII	960534	0.4317
3	Mutual Funds and UTI	Nil	Nil
4	Bank, Financial Institutions Insurance Companies, (Central Institutions)	Nil	Nil
5	Private Corporate Bodies	353255	0.158
6	Indian Promoters	109144000	49.0535
	Total	222500000	100.0000

M. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010.

Shareholding of Shares From To	Number of Shareholders	% Age Total	Shares Allotted	%Age Total
1 - 500	1956	79.8530	108789260	48.894
501 - 1000	73	6.7160	67381	0.0300
1001 - 2000	16	1.4720	25864	0.0120
2001 - 3000	10	0.9200	24973	0.0110
3001 - 4000	21	1.9320	81627	0.0370
4001 - 5000	19	1.7480	93900	0.0420
5001 - 10000	31	2.8520	266205	0.1200
More Than 10000	45	4.5080	113150790	50.854
TOTAL	2171	100.0000	222500000	100.0000

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Date: 27.08.2010
Place : Mumbai

Sd/-
Arif Ismail Memon
Chairman & Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

To
The Members of
KGN INDUSTRIES LIMITED,
Ahmedabad.

I, Arif I. Memon, Chairman & Managing Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause – 49.I.D of the Listing Agreement entered into with the Stock Exchange.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

The above report was adopted by the Board at their meeting held on 27.08.2010.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
KGN INDUSTRIES LIMITED

Date: 27.08.2010
Place : Mumbai

Sd/-
Arif Ismail Memon
Chairman & Managing Director

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Arif I. Memon, Chairman & Managing Director and Aftabahmed I Kadri, Independent Director and Chairman of the Audit Committee of KGN Industries Limited (the Company), hereby certify to the Board that:

- (a) We have reviewed the financial statements and the cash Flow Statement for the year and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading:
 - (ii) these statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting in company and we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit Committee:
- (i) Significant changes in internal controls over financial reporting during the year.
 - (ii) Significant changes in accounting polices during the year and the same have been disclosed in the notes to the financial statements and
 - (iii) Instance 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 internal control system.
- (e) We affirm that we have not denied any personal access to the Audit committee of the Company.
- (f) We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

Date : 27.08.2010
Place: Mumbai

Sd/-
(Arif I. Memon)
Chairman &
Managing Director

Sd/-
Aftabahmed I. Kadri
Director &
Chairman Audit Committee

CERTIFICATE

To
The Members of KGN Industries Limited,
Ahmedabad.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the KGN Industries Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

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

For, **KIRITKUMAR & CO.**
Chartered Accountants

Date : 27.08.2010
Place: Mumbai

Sd/-
Proprietor
M. No. 38047

AUDITORS' REPORT

To,
The Members of
KGN INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **KGN Industries Limited** as at **31st March, 2010** and the Profit and Loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments on the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the those books;
- c) The Balance Sheet and the Profit & Loss Account dealt by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010; and
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For, **KIRITKUMAR & CO.**
Chartered Accountants

Date : 27.08.2010
Place: Mumbai

Sd/-
Proprietor
M. No. 38047

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification by the management.
(c) In our opinion, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the company are not affected.
2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted loans, secured or unsecured to companies, firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with a size of a company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public, within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of business.
8. We are informed that the company is not required to maintain cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 having regard to the nature of the business of the Company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payables in respect

of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March, 2010 for a period of more than six months from the date of they became payable.

- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
10. In our opinion, the company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. The company is not a chit fund, nidhi, mutual benefit fund or society. Therefore, the provisions of clause 4(xiii) are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments. Therefore the provision of clause 4(xiv) are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. As per the records of the company and as per the information and explanations given to us, the company has not taken any term loan during the year.
17. On the basis of overall examination of the balance sheet of the company, the funds raised on short-term basis have not been used for long-term investment and vise-a-versa, during the year.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year.
21. During the year, no fraud on or by the company has been notice or reported during the course of our audit.

For, **KIRITKUMAR & CO.**
Chartered Accountants

Date : 27.08.2010
Place: Mumbai

Sd/-
Proprietor
M. No. 38047

BALANCE SHEET AS ON 31ST MARCH, 2010

Particulars	Schedule	As on 31/03/2010 Amount	As on 31/03/2009 Amount
SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Share Capital	1	222500000	222500000
(b) Reserves & Surplus	2	379178091	371563456
(2) Loan Funds			
(a) Secured Loans	3	0	296329394
(3) Deferred Tax Liability		35397	0
TOTAL		601713488	890392850
APPLICATION OF FUNDS :			
(1) Fixed Assets	4		
Gross Block		5491796	1969315
Less: Depreciation		749161	374303
Net Block		4742635	1595012
(2) Investment	5	10000	74694000
(3) Current Assets, Loans & Advances			
(a) Stock in trade		31897201	0
(b) Sundry Debtors	6	36283002	526272933
(c) Cash & Bank Balances	7	91773733	377716077
(d) Loans & Advances	8	449823895	51040761
		609777831	955029771
Less : Current Liabilities & Provisions	9	14446794	142881713
Net Current Assets		595331037	812148058
(4) Miscellaneous Expenditure	10	1629816	1955780
(To the extent not written off or adjusted)			
TOTAL		601713488	890392850
Significant Accounting Policies & Notes to Accounts	17	0	0

As Per Our Report of Even Date

For, **KIRITKUMAR & CO.**
Chartered AccountantsFor, **KGN Industries Limited**Sd/-
Proprietor
M. No. 38047
Date : 27.08.2010
Place : MumbaiSd/-
Chairman & Managing DirectorSd/-
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010			
Particulars	Schedule	As on 31/03/2010 Amount	As on 31/03/2009 Amount
INCOME :			
Sales		621974159	814303332
Other Income	11	12997313	7067157
TOTAL		634971472	821370489
EXPENDITURE :			
Cost of Goods Sold	12	601387598	789927845
Bank and Financial Charges	13	963242	12061991
Employee Emoluments	14	3229107	1878699
Direct Expenses	15	7311972	0
Administrative & Selling Expenses	16	5460015	3814171
Depreciation	4	374858	216398
Preliminary Expenses written off	10	325964	325965
TOTAL		619052756	808225069
Profit Before Tax		15918716	13145420
Provision For Taxation			
Less : Provision for Income Tax		5665545	4468128
Less: Provision for Deferred Tax		35397	0
Less: Provision for Fringe Benefit Tax		0	75000
Profit After Tax		10217774	8602292
Balance brought forward		21563456	15564303
Amount available for Appropriations		31781230	24166595
APPROPRIATIONS :			
Transfer to General Reserves		0	0
Proposed Dividend		2225000	2225000
Tax on Dividend		378139	378139
Balance carried forward to Balance Sheet		29178091	21563456
Basic and Diluted Earnings Per Share		0.05	0.39
Significant Accounting Policies & Notes to Accounts	17	0	0

As Per Our Report of Even Date

For, **KIRITKUMAR & CO.**
Chartered AccountantsFor, **KGN Industries Limited**Sd/-
Proprietor
M. No. 38047
Date : 27.08.2010
Place : MumbaiSd/-
Chairman & Managing DirectorSd/-
Director

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET & PROFIT & LOSS A/C. AS AT 31ST MARCH, 2010

Particulars	As on 31-Mar-10	As on 31-Mar-09							
SCHEDULE : 1 SHARE CAPITAL :									
AUTHORISED									
23000000 Equity Shares of Rs 10/- Each	230000000	230000000							
ISSUED, SUBSCRIBED & PAID UP CAPITAL									
222500000 Equity Shares of Rs.1/- Each	222500000	222500000							
TOTAL	222500000	222500000							
SCHEDULE : 2 RESERVES & SURPLUS :									
Share Premium	350000000	350000000							
Profit & Loss Account Balance	29178091	21563456							
TOTAL	379178091	371563456							
SCHEDULE : 3 SECURED LOANS :									
State Bank of India (L/C) (Secured against fixed deposit)	0	296329394							
TOTAL	0	296329394							
SCHEDULE : 4 FIXED ASSETS :									
S. Particulars	Gross Block				Depreciation			Net Block	
No.	As On 31.3.2009	Addition	Deduction	As On 31.3.2010	Upto 31.3.2009	For The Year	Upto 31.3.2010	As On 31.3.2010	As On 31.3.2009
1 Computer & Peripherals	497,213	62,350	-	559,563	223,505	86,494	309,999	249,564	273,708
2 Office Equipments	106,576	-	-	106,576	7,568	5,063	12,631	93,945	99,008
3 Mobile Phones	30,550	67,081	-	97,631	2,431	4,010	6,441	91,190	28,119
4 Vehicle	1,332,176	3,215,450	-	4,547,626	137,999	279,291	417,290	4,130,336	1,194,177
5 Cycle	2,800	-	-	2,800	2,800	-	2,800	-	-
6 Trade Mark	-	177,600	-	177,600	-	-	-	177,600	-
TOTAL	1,969,315	3,522,481	-	5,491,796	374,303	374,858	749,161	4,742,635	1,595,012
Previous Year	1,874,711	94,604	-	1,969,315	157,905	216,398	374,303	1,595,012	
SCHEDULE : 5 INVESTMENTS :									
National Saving Certificate							10000		10000
Unquoted									
Sailani Agro-Tech Industries Limited [7468400 Equity Shares @ Rs. 10/- per share (at par)]							0		74684000
TOTAL							10000		74694000

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET &
PROFIT & LOSS A/C. AS AT 31ST MARCH, 2010**

Particulars	As on 31-Mar-10	As on 31-Mar-09
SCHEDULE : 6 SUNDRY DEBTORS :		
(Unsecured, Considered Good)		
(a) More than Six Months	35381752	215057813
(b) Others	901250	311215120
TOTAL	36283002	526272933
SCHEDULE : 7 CASH & BANK BALANCES :		
Cash on Hand	6335	49236
Balance With Scheduled Banks :		
In Current Accounts	10750055	56825250
In Fixed Deposit Accounts	81017343	320841591
TOTAL	91773733	377716077
SCHEDULE : 8 LOANS & ADVANCES :		
(Unsecured, Considered Good)		
Advance recoverable in cash or in kind or for value to be received	445494148	49249650
TDS Receivable (2008-2009)	1773768	1773768
TDS Receivable (2009-2010)	2055979	0
Deposits	0	17343
Advance Tax (2009-2010)	500000	0
TOTAL	449823895	51040761
SCHEDULE : 9 CURRENT LIABILITIES & PROVISIONS :		
Current Liabilities :		
Sundry Creditors		
For Goods (Due to SSI NIL)	4327223	135455904
For Expenses	242070	267597
For Others	140689	0
Provisions :		
Provision For Taxation (F.Y. 2008-2009)	1468128	4468128
Provision For Taxation (F.Y. 2009-2010)	5665545	0
Provision For Fringe Benefit Tax	0	75000
Proposed Dividend	2225000	2236945
Tax on Dividend	378139	378139
TOTAL	14446794	142881713

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET &
PROFIT & LOSS A/C. AS AT 31ST MARCH, 2010**

Particulars	As on 31-Mar-10	As on 31-Mar-09
SCHEDULE : 10 MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
Preliminary Expenses	1955780	2281745
Less : Written off during the year	325964	325965
TOTAL	1629816	1955780
SCHEDULE : 11 OTHER INCOME :		
Dividend Income	0	1124
Interest Income (Against F.D. With Bank For L.C.)	9181455	7064211
Other Income	3815858	1822
TOTAL	12997313	7067157
SCHEDULE : 12 COST OF GOODS SOLD :		
Opening Stock	0	0
Add : Purchase of Goods	633284799	789927845
	633284799	789927845
Less : Closing Stock	31897201	0
TOTAL	601387598	789927845
SCHEDULE : 13 BANK AND FINANCIAL CHARGES :		
Bank Charges	438029	12822
Letter of Credit Charges	0	563051
Agency Charges	0	2538
Discount Charges	0	10817396
D.O Charges	0	2449
Fact Charges	0	148436
Service Charges	0	58486
Handling Charges	0	456813
Processing Fees Expenses	4575	0
Other Expenses	93508	0
Letter of Credit Retirement Charges	377495	0
Usance Charges	49635	0
TOTAL	963242	12061991
SCHEDULE : 14 EMPLOYEE EMOLUMENTS :		
Salary, Wages, Bonus etc	956855	1253513
Directors' Remuneration	2250000	600000
Staff Welfare Expenses	22252	25186
TOTAL	3229107	1878699

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET &
PROFIT & LOSS A/C. AS AT 31ST MARCH, 2010**

Particulars	As on 31-Mar-10	As on 31-Mar-09
SCHEDULE : 15 DIRECT EXPENSES :		
Cold Storage Rent Expenses	212920	0
Custom Duties Expenses	1164963	0
Foreign Exchange Fluctuation Expenses	5686419	0
Inward Carrige Expenses	92920	0
Laboratory Expenses	28678	0
Loading & Unloading Charges	3780	0
Shiping & Custodian Charges	122292	0
	7311972	0
SCHEDULE : 16 ADMINISTRATIVE & SELLING EXPENSES :		
Advertisement Expenses	26136	143917
Audit Fees	30000	30000
Bank Interest	12545	0
Brokerage/Commission Expenses	87269	0
Conectivity Charges	30033	60674
Conveyance & Petrol Expenses	179095	187718
Delisting Fees	10000	0
Donation Expenses	1186485	5355
Electricity Expenses	105281	72389
Hotel Club & Hospitality Expenses	139029	156885
Income Tax (A.Y. 2003-04 to 2006-07)	260494	0
Insurance	30723	27376
Legal & Professional Fees	482217	222148
Listing (BSE & ASE) Fees	647168	37250
Miscellaneous Expenses	41733	53732
Office Expenses	179849	120004
Post & Courier Expenses	23339	19207
Premium of Forward Contract	0	1770896
Rent Rates & Taxes	106018	145420
Repairs & Maintenance Expenses	63646	34856
Sales Promotion Expenses	161059	0
Share Split Expenses	21529	0
Stamp Charges	7610	88112
Stationery & Printing Expenses	75922	57057
Telephone Expenses	286567	234611
Travelling Expenses		346564
Foreign Travelling Expense	397919	
Director Travelling Expenses	268642	
Other Travelling Expenses	599707	
TOTAL	5460015	3814171

SCHEDULE '17' NOTES FORMING PART OF THE ACCOUNTS :

SIGNIFICANT ACCOUNTING POLICIES :

I. Basis of Preparation of Financial Statements :

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

II. Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialized.

III. Fixed Assets :

Fixed Assets are stated at cost, net of modvat, less accumulated depreciation. All cost including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.

IV. Depreciation :

Depreciation has been provided on Straight Line method in accordance with the provision of Section 205(2)(b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV of the Companies Act, 1956. In case of addition the depreciation is being provided on pro-rata basis with reference to the month of acquisition/ installation.

V. Investments :

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if; such a decline is other than temporary, in the opinion of the management.

VI. Inventories :

- (i) Valuation of Inventories is inclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- (ii) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

VII. Impairment of Fixed Assets :

- (i) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- (ii) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exists or has decreased.

VIII. Revenue Recognition :

- (i) Sales are inclusive of all the duties and taxes.
- (ii) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

IX. Foreign Currency Transactions :

- (i) Transactions including transactions of acquiring fixed assets, in foreign currency are recorded by applying the exchange rates at the date of the transactions.
- (ii) Monetary Items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognised in

the profit and loss account.

(iii) In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

(iv) In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

X. Borrowing costs :

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Where borrowing cannot be specifically identified to fixed assets, the capitalisation rate applied is the interest rate applicable to working capital loans of the company. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to profit and loss account.

XI. Taxes on Income :

Income tax expense for the year comprises of current tax, and fringe benefit tax. Current tax provision is determined on the basis of reliefs deductions etc. available under the income tax act. No Provision is required for deferred tax as the depreciation as per Companies Act is higher than the depreciation as per Income Tax Act.

XII. Preliminary Expenses :

Preliminary expenses have been amortised in equal installment over a period of ten years.

XIII. General Accounting Policies:

Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

NOTES TO THE ACCOUNTS:

- 1) Contingent Liabilities not provided for is Rs. Nil.
- 2) All debit and credit balance and accounts squared up during the year are subject to confirmation from respective parties.
- 3) Figures in Balance Sheet have been regrouped and rearranged wherever necessary to make them comparative with current year's figures.
- 4) Figures in Balance Sheet are rounded off to the nearest of the Rupees.
- 5) Balances of receivables, payables and loans and advances parties are subject to confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.
- 6) The amount Rs. 23644463 /- receivable from the Motorola (I) Ltd. Is doubtful of recovery.
- 7) Profit and Loss Account includes Auditors' Remuneration as under :

Particulars	2009-10 Amount (in Rs.)	2008-09 Amount (in Rs.)
Fees For Audit Work	10000	10000
Fees For Tax Audit / Taxation Work	10000	10000
Fees For Certification / Others	10000	10000
Total	30000	30000

8) Remuneration paid/payable to directors :

Particulars	2009-10 Amount (in Rs.)	2008-09 Amount (in Rs.)
Remuneration	2250000	600000
Contribution to P.F.	NIL	NIL
Perquisites	NIL	NIL
Total	2250000	600000

9) Related Party Disclosures :

a) Name of the Related Parties :

Holding Company	Nil
Subsidiary Company	Nil
Joint Venture Company	Nil
Enterprise having Significant influence	Nil
Fellow Subsidiaries	Nil
Key Managerial Personnel/Relatives of Key Managerial Personnel	Shri Arif Ismail Memon
Enterprise over which relatives of key Managerial Personnel having significant Influence	Nil

b) Summary of the transactions with the above related parties:

Name of Party	Nature of Transactions	Amount (in Rs.)
Shri Arif I Memon	Directors' Remuneration	2250000

10) The Company is Primarily engaged in the business of trading of agro commodities like castor seeds and castor oil and also in trading of Diamonds, as the basic nature of activity is governed by same set of risks and returns, this has been grouped as single segment as per Accounting Standard (AS) – 17 dealing with “Segment Reporting” issued by The Institute of Chartered Accountants of India.

11) The Earning per share, computed as per requirement under Accounting Standard-20 on Earning per Share, Issued by the Institute of Chartered Accountants of India as under :

(A) IF the shares of the company has been split

Particulars	2009-10	2008-09
Net Profit after Tax (Amount in Rs.)	7614635	8602292
Weighted Average Nos. of Shares	222500000	222500000
Basic Earnings per Share on nominal value of Rs. 1/- per share (Previous Year 222500000 Equity Shares of Rs.10/- Each)	0.05	0.39

(B) IF the shares of the company has not been split off

Particulars	2009-10	2008-09
Net Profit after Tax (Amount in Rs.)	7614635	8602292
Weighted Average Nos. of Shares	222500000	222500000
Basic Earnings per Share on nominal value of Rs.10/- per share	0.45	0.39

12) (a) Information Regarding the status of Creditors in respect of small scale Industries are not available.

(b) No amount is due for credit to Investor Education and Protection Fund.

13) Deferred Tax Liability Calculation	Amount (In Rs.)
Depreciation as per book	374858/-
Depreciation as per Income tax	478996/-
Excess Depreciation as per Income Tax	104138/-
Deferred tax	35397/-

14) Information pursuant to provisions of para 3,4c & 4d of part II of schedule VI to the Companies Act,1956.

a) Purchase, Sales and Stocks :

i) Castor Oil (FSG),Castor Oil Refined and Castor Oil Commercial.

Particulars	2009-10		2008-09	
	Quantity (In Tones)	Amount (In Lacs)	Quantity (In Tones)	Amount (In Lacs)
Opening stocks				
Castor Oil (FSG)	Nil	Nil	Nil	Nil
Castor Oil Refined	Nil	Nil	Nil	Nil
Castor Oil Commercial	Nil	Nil	Nil	Nil
Purchases				
Castor Oil (FSG)	4408.595	2352.18	6184.390	3665.66
Castor Oil (Refined)	6297.025	3579.59	1981.590	1288.03
Castor Oil (Commercial)	45.045	21.49	Nil	Nil
Sales				
Castor Oil (FSG)	4408.595	2432.38	6184.390	3790.00
Castor Oil (Refined)	6297.025	3689.52	1981.590	1352.44
Castor Oil (Commercial)	45.045	22.84	Nil	Nil
Closing Stock				
Castor Oil (FSG)	Nil	Nil	Nil	Nil
Castor Oil Refined	Nil	Nil	Nil	Nil
Castor Oil Commercial	Nil	Nil	Nil	Nil

ii) Diamonds

Particulars	2009-10		2008-09	
	Quantity (In CTS)	Amount (In Lacs)	Quantity (In CTS)	Amount (In Lacs)
Opening stocks				
Diamonds	Nil	Nil	Nil	Nil
Purchases				
Diamonds	Nil	Nil	45216.380	2945.58
Sales				
Diamonds	Nil	Nil	45216.380	3000.59
Closing Stock				
Diamonds	Nil	Nil	Nil	Nil

iii) Polene Eva

Particulars	2009-10		2008-09	
	Quantity (In Tones)	Amount (In Lacs)	Quantity (In Tones)	Amount (In Lacs)
Opening stocks				
Polene Eva	Nil	Nil	Nil	Nil
Purchases				
Polene Eva	85.000	60.63	Nil	Nil
Sales				
Polene Eva	85.000	75.02	Nil	Nil
Closing Stock				
Polene Eva	Nil	Nil	Nil	Nil

iv) Eva Traisox

Particulars	2009-10		2008-09	
	Quantity (In Tones)	Amount (In Lacs)	Quantity (In Tones)	Amount (In Lacs)
Opening stocks				
Eva Traisox	Nil	Nil	Nil	Nil
Purchases				
Eva Traisox	45.000	43.28	Nil	Nil
Sales				
Eva Traisox	Nil	Nil	Nil	Nil
Closing Stock				
Eva Traisox	45.000	43.28	Nil	Nil

v) Ground Nut Seeds

Particulars	2009-10		2008-09	
	Quantity (In Tones)	Amount (In Lacs)	Quantity (In Tones)	Amount (In Lacs)
Opening stocks				
Ground Nut Seeds	Nil	Nil	Nil	Nil
Purchases				
Ground Nut Seeds	571.968	275.70	Nil	Nil
Sales				
Ground Nut Seeds	Nil	Nil	Nil	Nil
Closing Stock				
Ground Nut Seeds	571.968	275.70	Nil	Nil

b) Value of imported and indigenous goods traded :

Amount (in Rs.)

Particulars	2009-10	2008-09
Imported	10389387	297256306
Indigenous	622894912	495369347
Total	633284299	792625653

c) CIF Value of Imports :

Capital Goods	Nil	Nil
Stores and Spares	Nil	Nil

d) Expenditure in Foreign Currency :

Foreign Travel	Nil	Nil
Commission	Nil	Nil
Others	Nil	Nil

e) Earnings in foreign Currency :

FOB value of Exports.	Nil	Nil
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As Per Our Report of Even Date

For, **KIRITKUMAR & CO.**
Chartered Accountants

For, **KGN Industries Limited**

Sd/-
Proprietor
M. No. 38047

Sd/-
Chairman & Managing Director

Sd/-
Director

Date : 27.08.2010

Place : Mumbai

**PART - IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET , ABSTRACT AND COMPNAY'S GENERAL BUSINESS PROFILE**

Registration Details

I. Registration No	04/23288/94-95
State code	04
Balance Sheet Date	31-03-2010
II. Capitals Raised during the Year (Rs. in Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)	
Total Liabilities	601713
Total Assets	601713
Source of Funds :	
Paid Up Capital	222500
Reserve & Surplus	379178
Secured Loans	NIL
Other Liabilities	NIL
Application of Funds :	
Net Fixed Assets	4743
Investments	10
Net Current Assets	595331
Misc. expenditure	1630
Accumulated Losses	NIL
IV. Performance of the Companies (Rs. in Thousands)	
Turnover	634971
Total Expenditure	619053
Profit / Loss Before Tax	15919
Profit / Loss After Tax	10218
Earning Per Share in Rs.	0.05
Dividend Rate %	0.01
V. Generic Names of Principal Products/ Services of the Company	
Item Code No. (ITC Code)	N.A.
Product Description	Trading

As Per Our Report of Even Date

For, **KIRITKUMAR & CO.**
Chartered AccountantsFor, **KGN Industries Limited**Sd/-
Proprietor
M. No. 38047Sd/-
Chairman & Managing DirectorSd/-
Director**Date : 27.08.2010****Place : Mumbai**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**(Amount in Rs.)**

Particulars	31/03/2010	31/03/2009
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Tax	15918716	13145420
Adjustment For :		
Depreciation	374858	216398
Preliminary Expenses Written Off	325964	325965
Interest and Dividend Income	(9181455)	(7065335)
Operating Profit Before Working Capital Changes		
Adjustment For :		
(Increase)/Decrease in Inventories	(31897201)	0
(Increase)/Decrease in Sundry Debtors	489989931	156645300
(Increase)/Decrease in Loans & Advances	(396244498)	125069000
(Increase)/Decrease in Deposit	17343	(9000)
Increase/(Decrease) in Current Liabilities	(131013519)	132339288
Cash Generated From Operation	(61709861)	420667036
Direct Taxes Paid	5642924	3164562
Net Cash From Operating Activities (A)	(67352785)	417502474
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3522481)	(94604)
Sale of Fixed Assets/ Investments	74684000	0
Long Term Investment Purchased	0	(10000)
Interest & Dividend Income	9181455	7065335
Other Investing Activities	0	0
Net Cash Used in Investing Activities (B)	80342974	6960731
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds From Long Term Borrowings	0	296329394
Repayment of Long Term Borrowings	(296329394)	0
Proceeds From Short Term Borrowings	0	(350000009)
Dividend Paid	(2225000)	(888055)
Corporate Dividend Tax	(378139)	(197955)
Net Cash Used in Financing Activities (C)	(298932533)	(54756625)
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(285942344)	369706580
Cash & Cash Equivalents at the beginning of the year	377716077	8009497
Cash & Cash Equivalents at the end of the year	91773733	377716077
	(285942344)	369706580

As Per Our Report of Even Date

For, **KIRITKUMAR & CO.**
Chartered AccountantsFor, **KGN Industries Limited**Sd/-
Proprietor
M. No. 38047
Date : 27.08.2010
Place : MumbaiSd/-
Chairman & Managing DirectorSd/-
Director

KGN INDUSTRIES LIMITED

401, Shrinivas Building, 382-384 Narshi Natha Street,
Katha Bazar, Mumbai – 400 009

ATTENDANCE SLIP

Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failures to bring this Attendance Slip create unnecessary inconvenience to you.

Please write below

DP ID : _____ Registered Folio No.: _____

Client ID : _____ No. of Shares held : _____

Full Name of the Member : _____

Full Name of the Proxy : _____

(In Block Letters, to be filled in the proxy attends instead of the Member)

I hereby record my presence at the 16th Annual General Meeting of the Company held at Patel Restaurant, 95/97, Topiwala Mansion, Masjid Bunder, Mohamed Ali Road, Mumbai- 400 003 on Wednesday, the 29th September, 2010 at 11.00 A.M.

(Signature of Member/Proxy)

Application to the members holding shares in electronic form.

- Note :
1. Members/Proxy holders are requested to bring their copy of the Notice with them at the Meeting.
 2. Please carry with you this Attendance Slip and hand over the same duly completed, stamped signed at the space provided, at the entrance of the Meeting Hall.

-----TERE HERE-----

KGN INDUSTRIES LIMITED

401, Shrinivas Building, 382-384 Narshi Natha Street,
Katha Bazar, Mumbai – 400 009

PROXY FORM

DP ID : _____ Registered Folio No.: _____

Client ID : _____ No. of Shares held : _____

I/We _____ of _____ being a Member/Members of above Company hereby appoint Shri/Smt. _____ of _____ or failing him Shri/Smt. _____

of _____ as my/our Proxy to vote for me/us and on my/us behalf at the 16th Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 at 11.00 A.M.

Signed by the said _____ Day of _____ 2010.

Signature _____

Affix
Rs. 2/-
Revenue
Stampe