



19<sup>th</sup>  
ANNUAL REPORT  
2013



**KGN INDUSTRIES LIMITED**



## ***KGN Industries Limited***

### **Registered office**

23, Vaswani Mansion, 4<sup>th</sup> Floor, Dinshaw Vaccha Road, Opp. K.C. College,  
Churchgate, Mumbai – 400 020

### **Board of Directors**

- Mr. Arif I Memon Chairman & Managing Director
- Mr. Babulal Hirani Director
- Mr. Aftab Ahmed Kadri Director
- Mr. Deepak Raval Director
- Mr. Sudhi Ranjan Das Director (Ceased w.e.f 10.04.2013)
- Mr. Vijay Vora Director (Ceased w.e.f 15.03.2013)
- Mr. Siva Ravindran Director (Ceased w.e.f 10.04.2013)
- Mr. R.M. Dhar Director (Ceased w.e.f 10.04.2013)
- Mr. KassheeMayun Director (Ceased w.e.f 10.04.2013)
- Dr. M.Y.Khan Additional Director (Appointed w.e.f 08.11.2012)

### **Bankers of the Company:**

Axis Bank, Churchgate Branch, Mumbai  
Axis Bank, Ahmedabad

### **Auditors**

M/s. Kirit & Company, Chartered Accountants, Ahmedabad

### **Registrar & Share Transfer Agent**

Link Intime India Private Limited  
Unit 303, 3<sup>rd</sup> Floor, Shoppers Plaza V,  
Opp. Municipal Market , Behind Shoppers Plaza II,  
Off C.G.Road,  
Ahmedabad - 380 009  
Email: ahmedabad@linkintime.co.in

**NOTICE**

**NOTICE** is hereby given that **NINETEENTH ANNUAL GENERAL MEETING OF KGN INDUSTRIES LIMITED** will be held at Bombay Y.M.C.A Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001 on Saturday, 28<sup>th</sup> September, 2013 at 11 a.m to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date, together with the Report of the Board of Directors and the Auditors thereon;
2. To Declare Dividend on Equity Shares;
3. To appoint a Director in place of Mr. Aftab Ahmed Kadri, who retires by rotation and is eligible for re-appointment;
4. To appoint M/s. Kirit & Co., Chartered Accountants, Ahmadabad as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2014

**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 provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Mohamed Yaqub Khan who was appointed as an additional Director in the meeting of Board of Directors and who holds office up to 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 Mr. Mohamed Yaqub Khan candidate for the office of Director of the Company be and is hereby appointed as Independent Director of the Company liable to retire by rotation”

**NOTES:**

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Business under item Nos. 5 above is annexed hereto. The relevant details of Director seeking appointment / re- appointment under Item No. 5 above, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are also annexed.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hrs before the meeting.

- c) The Register of Members and Share Transfer Books of the Company will be closed from 22<sup>nd</sup> September, 2013 to 28<sup>th</sup> September, 2013 (both days inclusive).
- d) If dividend on Equity Shares, as recommended by the Board of Directors, is passed at the meeting, payment of such dividends will be made on and after Monday, 4<sup>th</sup> October, 2013 to those Members, whose names appear in the Company's Register of Members as on 21<sup>st</sup> September, 2013. In respect of Equity Shares held in Electronic form, the dividend will be paid to the beneficial owners of shares as at the end of the business hours on 21<sup>st</sup> September, 2013 as per the details furnished by the Depositories for this purpose.
- e) Members desiring any information on Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office at least 7 days before the date of the Meeting.
- f) All correspondence relating to change of address and shares of the Company may please be addressed to the Share Transfer Agents – Link in Time India Private Limited (formerly Intime Spectrum Registry Limited) at Unit 303, 3<sup>rd</sup> Floor, Shoppers Plaza V, Opp. Municipal Market , Behind Shoppers Plaza II, Off C.G.Road, Ahmedabad - 380 009
- g) Members are requested to note that dividends not encashed/claimed within seven years from the date of declaration of Dividend will, as per Section 205A of the Companies Act, 1956, be transferred to Investor Education and Protection Fund (IEPF). After transfer of, the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

Members are requested to contact M/s. Link Intime Private Limited for encashing the unclaimed dividend standing to the credit of their account.

**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 Statements sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice dated 13<sup>th</sup> August, 2013.

**ITEM NO. 5**

Mr. Mohamed Yaqub Khan was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 8<sup>th</sup> November, 2012. Pursuant to Section 260 of the Companies Act, 1956, Mr. Mohamed Yaqub Khan holds office only up to the ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Mohamed Yaqub Khan as a candidate for the office of Director.

The appointment of the Director requires the approval of shareholders in General Meeting by way of an Ordinary Resolution.

None of the Directors, except Mr. Mohamed Yaqub Khan, is in any way concerned or interested in this resolution.

**Date: 13.08.2013**

**Place: Mumbai**

**By order of the Board of Directors  
KGN INDUSTRIES LIMITED**

**Sd/-**

**BABULAL HIRANI  
DIRECTOR**

**DIRECTORS' REPORT**

To,

The Members,  
**KGN INDUSTRIES LIMITED,**  
 Mumbai, Maharashtra.

Your Directors have great pleasure in presenting their 19<sup>th</sup> Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2013.

**FINANCIAL RESULTS:**

(₹ in Lacs )

PARTIUCLAR	FOR THE YEAR ENDED 31.03.2013	FOR THE YEAR ENDED 31.03.2012
Profit before Depreciation and Amortization Expenses, Finance Cost and Tax Expenses	104.12	119.47
Less : Finance Cost	0.05	0.17
Depreciation and Amortization Expenses	11.68	11.55
<b>Profit before Tax</b>	<b>92.39</b>	<b>107.76</b>
Less : Current Tax	27.39	36.71
Deferred Tax	4.58	0.79
<b>Profit for the year</b>	<b>60.41</b>	<b>70.26</b>
Add : Balance in Profit & Loss Account	392.34	347.95
<b>Less : Appropriation</b>	<b>452.75</b>	<b>418.20</b>
Proposed Dividend on Equity Shares	13.35	22.25
Tax on Dividend	2.17	3.61
<b>Balance Carried to Balance Sheet</b>	<b>437.23</b>	<b>392.34</b>

**DIVIDEND:**

Your Directors are pleased to recommend a final dividend of ₹0.006 per Equity Share for the year ended 31<sup>st</sup> March, 2013.

The Final dividend subject to approval at the AGM on 28<sup>th</sup> September, 2013 will be paid to those shareholders, whose names appear in the Register of Members as on the date of book closure i.e. 22<sup>nd</sup> September, 2013.

The Proposed Dividend for the financial year will absorb ₹15,51,604/- including Dividend Distribution Tax of ₹2,16,604/-.

**RESULTS OF OPERATIONS:**

The Company's highlights of the performance are as under :

- Revenue from operations decreased by 52.22% to ₹120.82 Lacs.
- Total Income decreased by 53.79% to ₹ 120.84 Lacs.
- Net Profit after Tax decreased by 14.01% to ₹ 60.41Lacs.

**CORPORATE GOVERNANCE:**

A Separate section on Corporate Governance is included in this Report along with a Certificate from the Auditors of the Company confirming compliance with conditions on Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. A certificate from the Managing Director of the Company in terms of Sub-Clause (v) of Clause 49 of the Listing Agreement is also annexed.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A separate section on Management Discussion and Analysis (MD&A) forms part of this Annual Report as required under Clause 49 of the Listing Agreement with the Stock Exchanges. All matters pertaining to industry structure and developments, opportunities and threats, risks and concerns, internal control and systems etc. are discussed in this report.

**AUDITORS :**

The Auditors M/s Kirit & Co. Chartered Accountants, Ahmadabad, retire at the ensuing Annual General Meeting and are being eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 224 (IB) of the Companies Act 1956 and that he is not disqualified for reappointment within the meaning of Section 226 of the said Act.

**OBSERVATION IN AUDITORS REPORT:**

The observation made by the Auditors in the Auditor's Report read with relevant notes given in the notes on Accounts are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

**SUBSIDIARY COMPANIES:**

Your Company has One wholly-owned subsidiary, viz. **KGNI Projects Limited**.

In accordance with the general exemption granted by Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011 and in compliance with the conditions enlisted therein, the report and annual accounts of the subsidiary company for the financial year ended March 31, 2013 have been not attached to the Company's Accounts. The Company will make available the Annual Accounts of the Subsidiary Company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Company will also be kept open for inspection at the Registered Office of the Company and that of respective Subsidiary Company. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary Company.

**ENVIRONMENTAL PROTECTION:**

Your Company is not engaged in any type of manufacturing activities. It is not generating any type of pollution. Hence, Pollution Control regulations and norms are not applicable to the Company.

**DIRECTORS:**

Mr. Aftab Ahmed Kadri is liable to retire by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENTS:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, had been followed and there are no material departures from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- iii) the directors 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; and
- iv) the directors have prepared the annual accounts of the Company on a 'going concern' basis.



**FIXED DEPOSITS:**

During the year under review your Company has neither accepted nor invited any deposits in terms of Section 58A and 58AA of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES:**

During the year under review, as there was no employee on the payroll of the Company, drawing salary/remuneration of ₹5,00,000/- or more per month, information pertaining to Section 217(2A) of the Companies Act, 1956 is not applicable.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(a) The Additional information required under Sec 217 (1) (e) of the Companies Act, 1956 relating to the conservation of energy and technology absorption need not apply to the company.

(b) Total Foreign Exchange Used and Earned:

(i) CIF Value of Imports	NIL
(ii) Foreign Exchange Earned	NIL
(iii) Expenditure in Foreign Currency	NIL

**ACKNOWLEDGEMENTS:**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Government Authorities, Banks, Customers, Vendors and Members during the year under review. The Board wishes to place on record their sincere appreciation for the continued support received from its Executives, Staff and Workers of the Company.

**By order of the Board of Directors  
KGN INDUSTRIES LIMITED**

**Sd/-  
BABULAL HIRANI  
DIRECTOR**

**Date : 13<sup>th</sup> August, 2013**

**Place : Mumbai**

## **MANAGEMENT DISCUSSION ANALYSIS**

### **GLOBAL OVERVIEW**

Oil and gas provide the world's 6.9 billion people with 60 percent of their daily energy needs. After five years of accelerating oil and gas demand and rapidly increasing investment to find, develop, and refine new oil and gas reserves, the industry is adjusting to the largest and steepest decline in prices in its history. The Global Oil and Gas Exploration and Production industry is expected to generate revenue of \$4.5 trillion in 2013. This is up from \$4.2 trillion in 2008, yielding annualized growth of about 1.3%. Revenue is expected to expand 3.0% in 2013, which represents a slowdown from extremely large gains during 2010 and 2011, when oil prices surge, as per Global Oil & Gas Exploration & Production Market Research Report March, 2013

### **INDUSTRY OVERVIEW**

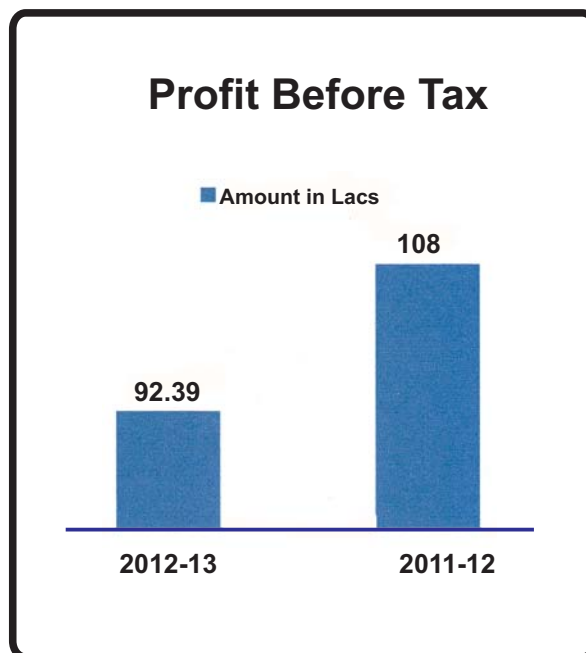
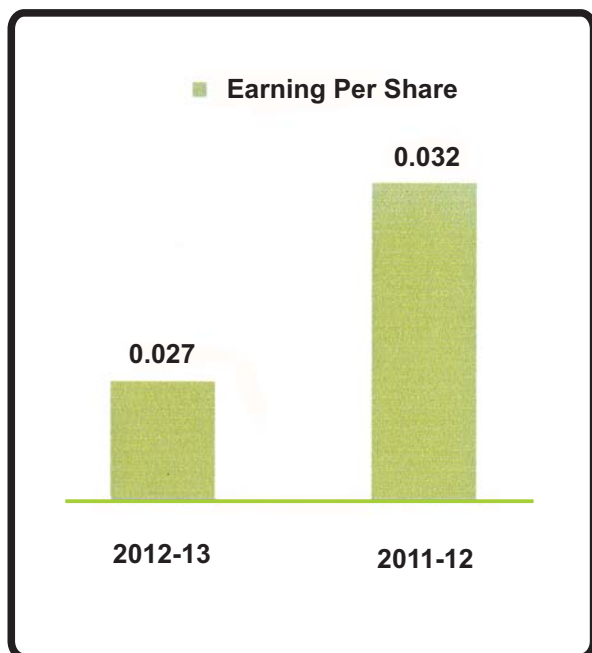
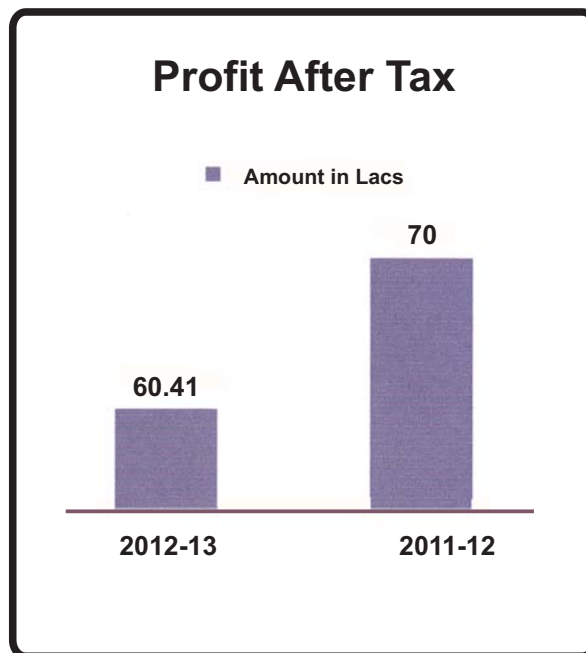
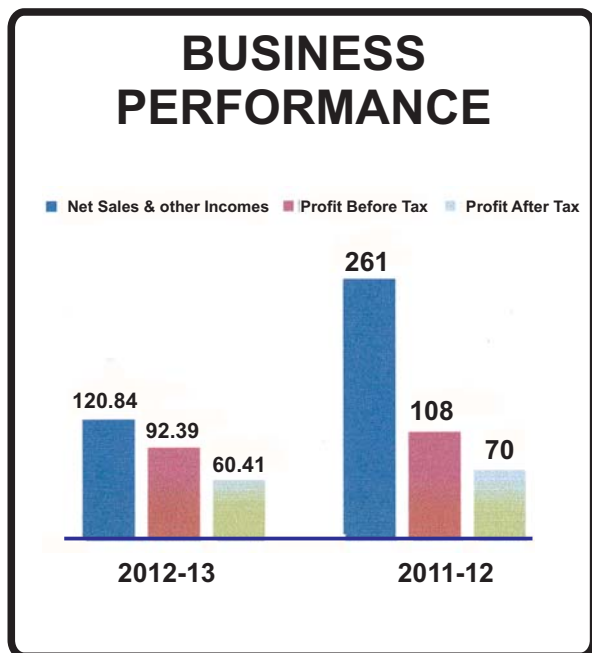
India is the sixth largest consumer of oil in the world and the ninth largest crude oil importer. India's oil and gas sector contributes over 15% to the Gross Domestic Product (GDP). The changes in the international crude oil prices make a significant impact on the economy, which in turn, leads to a rise in prices for many essential commodities (increasing inflation). Given the lengthy gestation period and investment risk involved in this sector, industry has been looking forward to policy reforms and various fiscal incentives. Oil continued to remain the top item in India's export basket during 2012-13. Crude oil as well as other petroleum products accounted for about one-fifth of India's outbound shipments, giving the much-needed boost to the country's exports. Petroleum product exports rose 7.7 per cent at US\$ 60.3 billion in 2012-13 from US\$ 56.04 billion in 2011-12. The demand for natural gas in India has been growing, and is expected to increase by 280 per cent from the current levels to 220 BCM by 2020. Hence Indian Industry is favourable for the Oil & gas as the domestic demand is not met by domestic production.

### **CURRENT BUSINESS REVIEW**

KGN Industries limited is listed on Bombay Stock Exchange. KGN Industries Limited forms part of BSE -500 Index. This index represents nearly 93% of the total market capitalization on BSE

KGN Industries Limited has applied for a Petroleum Exploration License under the Petroleum & Natural Gas Rules, 1959 in respect of VN-ONN-2010/1 Block to explore the Crude Oil and Natural gas.

## FINANCIAL HIGHLIGHTS:



- The revenue from operations decreased by 52.22% to ₹ 120.82 lacs.
- Total Income decreased by 53.71% to ₹ 120.84 lacs.
- Net Profit after Tax decreased by 14.01% to ₹ 60.41 lacs.

**FUTURE OUTLOOK**

- ✓ KIL is looking to foray in Oil & Gas Sector hence are looking for Strategic tie-ups to get the benefit of synergy through international or domestic players.
- ✓ To Expertise in Market the company is conducting proper researches continuously in Oil & Gas Sector, which will improve the exploration process.
- ✓ The Company is planning to adopt new technologies for the exploration.
- ✓ After getting the PEL for VN-ONN-2010/1, The Company will apply for Environmental Clearance and then the following work programme will start.

**WORK PROGRAMME: VN-ONN-2010/1**

SI. No.	TYPE OF WORK
(i)	2D Seismic Surveys
(ii)	3D Seismic Surveys

**SUBSIDIARY COMPANY:**

KGN Projects Limited is wholly owned subsidiary of the Company having its presence in infrastructure. JSS Project is work in progress.

**OPPORTUNITIES , THREATS , RISKS AND CONCERNS:**

- The unconventional revolution has dramatically transformed the global oil and gas landscape and will continue to do so for the foreseeable future opening a world of new opportunities and associated risks for energy companies striving to increase reserves and shareholder value.
- In the oil and gas sector Research & Development and innovation is a key to growth and prosperity.
- The government is likely to launch the tenth round of auction under New Exploration Licensing Policy (NELP) the blocks being considered for offering in 25 are deep water blocks & 20 shallow water blocks & 23 on land blocks.
- As energy demand remains strong, against a background of relatively high And stable oil prices, the industry shows renewed confidence that it is, and will remain, the most efficient and economical source of energy for the foreseeable future.
- To cope up with the increasing demand, the government has allowed 100 per cent FDI in the oil and gas sector, enabling some large partnerships at an international level.

- In the oil and gas industry, managing capital projects, in particular large capital projects, in a global environment is becoming increasingly complex.
- The Major challenge is of having sufficient well-trained and capable, technical people in India.
- The major predicted risk levels in 2013 are increasing competition from new technologies, new operational challenges and also human capital deficit.
- Health, safety and environmental issues have risen on the Oil & Gas industry's agenda reflecting both increased public pressure and more complex operational challenges.

**CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could, however differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and domestic demand supply condition, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company should and need not be held responsible, if, which is not unlikely, the future turns out to be something quite different. Subject to this management disclaimer, this discussion and analysis should be pursued.

**By order of the Board of Directors  
KGN INDUSTRIES LIMITED**

**Date: 13.08.2013**

**Place: Mumbai**

**Sd/-  
BABULAL HIRANI  
DIRECTOR**

## **CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the listing agreement a Report on Corporate Governance is given below, which forms part of the Annual Report of the Company for the year 2012-13.

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company believes in adopting the best practices that are followed in the area of Corporate Governance. Corporate Governance ensures fairness, transparency and integrity of the management. The Company endeavors to strike and deliver the highest governing standards and emphasizes the need for transparency and accountability in all its activities for the benefit of and to protect the interest of its stakeholders.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are given hereunder:

### **2. BOARD OF DIRECTORS:**

#### **a) Composition & Category of Directors:**

The Company has an Executive Chairman. As on 31<sup>st</sup> March, 2013 there are 9 Directors on its Board. The number of Non-Executive Directors is more than 50% of the total number of directors. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Industries Limited.

#### **b) Attendance of Directors at the Board Meetings and Last AGM:**

Total 5 Board Meetings were held during the Financial Year 2012-2013 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are given hereunder:-

15.05.2012, 14.08.2012, 17.09.2012, 08.11.2012, 13.02.2013.

Name	Category	No. of Board Meetings attended during 2012-13	Whether attended AGM held on 29 <sup>th</sup> September 2012	No. of Directorships in other public companies* as on 31.03.2013		No. of Committee positions held in other public companies** as on 31.03.2013	
				Chairman	Member	Chairman	Member
Mr. Arif Memon (Chairman & Managing Director)	Promoter Executive	3	YES	1	2	1	1
Mr. Babulal J. Hirani	Professional Non Executive	4	YES	0	6	1	3
Mr. Aftab Ahmed Kadri	Independent Non Executive	5	YES	0	5	1	3
Mr. Deepak Raval	Executive	5	YES	0	6	0	0
Mr. Vijay Vora	Non Executive	1	NO	0	2	0	0
Mr. Sudhi Ranjan Das	Non Executive	0	YES	0	1	0	0
Mr. Siva Ravindran	Non Executive	0	YES	0	1	0	0
Mr. R.M.Dhar	Non Executive	0	NO	0	1	0	0
Mr. Kasshee Mayun	Non Executive	0	NO	0	1	0	0
Mr. M.Y.Khan	Non Executive	0	NO	0	0	0	0

**Details of Director seeking re-appointment:**

At the ensuing Annual General Meeting, Mr. Aftab Ahmed Kadri, retire by rotation and being eligible offers himself for re-appointment. The brief resume, experience, functional expertise and membership on various Board and committees of the Directors proposed to be re-appointed as mentioned in item no. 3 of the Notice as per Corporate Governance Code defined under Clause 49 of the Listing Agreement are furnished below:

<b>Name</b>	<b>Mr. Aftab Ahmed Kadri</b>
<b>Date of Birth/Age</b>	<b>5<sup>th</sup> January, 1957 (56yrs)</b>
<b>Date of Appointment</b>	<b>29<sup>th</sup> September, 2007</b>
<b>Experience</b>	<b>More than 30 years of experience in legal side</b>
<b>No. of Shares held in the Company</b>	<b>NIL</b>
<b>Qualification</b>	<b>LLB</b>
<b>List of other Directorship</b>	<b>6</b>
<b>Membership/ Chairman of committees of the other Companies</b>	<b>NIL</b>

**3. AUDIT COMMITTEE:**

a) Composition of Committee:

Mr. Aftabahmed Kadri, Chairman of the Audit Committee was present at the Annual General Meeting held on 29<sup>th</sup> September, 2012

Four Audit Committee meetings were held during 2012-13. The dates on which the said meetings were held are as follows:

15.05.2012, 14.08.2012, 08.11.2012, 13.02.2013.

<b>NAMES</b>	<b>CATEGORY</b>	<b>NO. OF COMMITTEE MEETINGS HELD</b>	<b>NO. OF COMMITTEE MEETINGS ATTENDED</b>
Mr. AftabahmedKadri	Chairman	4	4
Mr. Arif I. Memon	Member	4	3
Mr. Babulal J. Hirani	Member	4	3
Mr. Deepak Raval	Member	4	4

b) Role of Audit Committee:

The Role of Audit Committee shall include the following:

1. Oversight of the company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board. The appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statement before submission to the board for approval. With particular reference to :
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in term of Clause (2AA) of section 217 of the Companies Act, 1956



- b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statement arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party audit report.
  - g) Qualification in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function. If any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up thereon.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in repayment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term “related party transaction “shall have the same meaning as contained in the Accounting Standard 18, Related Party Transaction, Issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

**Review of Information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and result of operations.
2. Statement of significant related party transaction (as defined by the audit committee), Submitted by management;
3. Management letters/letters of internal control weakness issued by the statutory auditors;
4. Internal audit reports relating to internal control weakness; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

**4. REMUNERATION COMMITTEE:**

The composition of the Remuneration Committee is as under:

<b>NAMES</b>	<b>CATEGORY</b>	<b>NO. OF COMMITTEE MEETINGS HELD</b>	<b>NO. OF COMMITTEE MEETINGS ATTENDED</b>
Mr. Aftab Ahmed Kadri	Chairman	1	1
Mr. Arif I. Memon	Member	1	1
Mr. Babulal J. Hirani	Member	1	1
Mr. Deepak Raval	Member	1	1

**5. SHAREHOLDER'S AND INVESTOR'S GRIEVANCE COMMITTEE:**

The composition of the Shareholders' and Investors' Grievance Committee is as under:

<b>NAMES</b>	<b>CATEGORY</b>	<b>NO. OF COMMITTEE MEETINGS HELD</b>	<b>NO. OF COMMITTEE MEETINGS ATTENDED</b>
Mr. Babulal J. Hirani	Chairman	2	1
Mr. Aftab Ahmed Kadri	Member	2	2
Mr. Deepak Raval	Member	2	2

**Name & Designation of the Compliance Officer:**

Mr. Deepak Raval CEO & Company Secretary is the compliance officer for KGN Industries Limited.

The Committee meets periodically to approve all the cases of shares demated, transfer, issue of duplicate share certificates and resolution of investors' complaints, submission of information to various statutory authorities like NSDL/CDSL, SEBI, Stock Exchanges, Registrar of Companies periodically and from time to time. Other functions, roles, duties, powers etc. have been clearly defined in line with the Clause 49 of the Listing Agreement and are kept flexible for modification by the Board from time to time.

The total number of complaints received and resolved to the satisfaction of the investors during the year under review is as follows:

No. of complaints received	:	1
No. of complaints resolved	:	1
No. of complaints pending	:	-

**6. GENERAL BODY MEETINGS:****a) Details of last three Annual General Meetings held:**

Financial Year	Location	Date	Day	Time	Type of Meeting	Special Resolutions passed
2011-2012	Y.M.C.A International House, Y.M.C.A Road, Near Maratha Mandir, Mumbai Central – 400 008	29 <sup>th</sup> September, 2012	Saturday	10.00 a.m	AGM	1
2010-2011	23, Vaswani Mansion, 4 <sup>th</sup> Floor, Dinshaw Vaccha Road, Opp. K.C. College, Mumbai.	29 <sup>th</sup> September, 2011	Thursday	10.00 a.m	AGM	4
2009-2010	Patel Restaurant, 95/97, Topiwala Mansion, Masjid bunder, Mohamed Ali Road, Mumbai 400003	29 <sup>th</sup> September, 2010	Wednesday	11:00 a.m.	AGM	3

**b) Postal Ballot:**

No Special Resolution was passed through postal ballot during the Financial Year 2012-13. In the ensuing Annual General Meeting, there is no business requiring Postal Ballot.

**7. DISCLOSURES:**

During the financial year 2012-13, there were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

No penalties are imposed on the Company or any of its directors by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last (3) three years.

**8. MEANS OF COMMUNICATION:**

The Compliance with Clause 41 of Listing Agreement with the Stock Exchanges the Company publishes Quarterly and Annual Results in news papers and submits the same to all the Stock Exchanges where the shares of the Company are listed. These Results are normally published in The Business Standard (English) and in Mumbai Lakshadweep (Marathi) News Papers.

**9. CEO / CFO CERTIFICATION:**

The Chief Executive Officer (CEO) 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) Detail Programme of the 19<sup>th</sup> ANNUAL GENERAL MEETING:**

**DATE : 28<sup>th</sup> SEPTEMBER, 2013**

**DAY : SATURDAY**

**TIME : 11.00 A.M.**

**VENUE : Bombay YMCA, Central Branch  
12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001.**

**b) FINANCIAL YEAR: 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.**

**c) BOOK CLOSURE DATE: 22<sup>nd</sup> September, 2013 to 28<sup>th</sup> September, 2013  
(both days inclusive)**

**d) DIVIDEND PAYMENT DATE: 4<sup>th</sup> October, 2013**

**e) LISTING ON STOCK EXCHANGES:**

The Company's Ordinary shares are listed in **Bombay Stock Exchange Ltd.**

**f) STOCK CODE:**

Bombay Stock Exchange Ltd.: 531612

**DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) FOR EQUITY SHARES**

:INE 196C01022

**g) MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD FROM 1<sup>st</sup> APRIL, 2012 TO 31<sup>st</sup> MARCH, 2013.**

PERIOD FROM April, 2012 to March,2013	PRICE PER SHARE		NO OF SHARES TRADED
	HIGH ( ₹ )	LOW ( ₹ )	
April, 2012	27.30	17.80	15,52,477
May, 2012	23.70	16.30	19,46,273
June, 2012	17.85	15.40	26,76,101
July, 2012	20.90	16.40	35,80,794
August, 2012	21.75	14.55	50,91,797
September, 2012	20.65	17.50	28,19,007
October, 2012	18.95	16.55	57,04,413
November, 2012	18.00	15.50	9,67,401
December, 2012	18.50	15.10	7,51,740
January, 2013	18.00	13.75	15,23,399
February, 2013	16.00	8.50	33,30,584
March, 2013	10.40	4.25	11,33,170

(Source- [www.bseindia.com](http://www.bseindia.com))

**h) REGISTRAR AND SHARE TRANSFER AGENTS:**

Members are requested to correspond with the Company's Registrar & Transfer Agents-

**Link Intime India Pvt. Ltd.** (formerly Intime Spectrum Registry Ltd.)

211, Sudarshan Complex, Near Mithakhali under Bridge,  
Navrangpura, Ahmedabad - 380 009.

Telefax: 079-26465179.

Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

**i) SHARE TRANSFER PROCESS:**

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.

**j) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2013:**

<b>SR. NO.</b>	<b>RANGE OF HOLDING</b>	<b>NO. OF SHARE HOLDERS</b>	<b>NO. OF SHARES</b>	<b>SHARES AMOUNT</b>	<b>% TO CAPITAL</b>
1.	Upto 500	1447	185788	185788	0.083
2.	501 to 1000	245	209902	209902	0.093
3.	1001 to 2000	151	233425	233425	0.105
4.	2001 to 3000	80	207416	207416	0.093
5.	3001 to 4000	44	162714	162714	0.073
6.	4001 to 5000	106	518328	518328	0.233
7.	5001 to 10000	250	2291887	2291887	1.03
8.	Above 10000	748	218690540	218690540	98.29
<b>TOTAL</b>		3071	222500000	222500000	100

**k) SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH, 2013:**

<b>SR. NO.</b>	<b>CATEGORY</b>	<b>NO. OF SHARES</b>	<b>PERCENTAGE</b>
1.	Indian Public	80808862	36.32
2.	NRIs / OCBs	20724	0.009
3.	Mutual Funds and UTI	NIL	NIL
4.	Banks, Financial Institutions and Insurance Companies (Central Institutions)	12525925	5.64
5.	Clearing Member	1535990	0.69
6.	Corporate Bodies	7655047	3.44
7.	Indian Promoters	119953452	53.91
8.	Forfeiture of Shares	NIL	NIL
<b>TOTAL</b>		222500000	<b>100%</b>

**l) DEMATERIALIZATION OF SHARES AND LIQUIDITY:**

Percentage of Shares held in Physical form	:	17.56%
Electronic form with NSDL	:	67.46%
Electronic form with CDSL	:	14.98%

**m) Outstanding ADRs/GDRs: The Company has not issued any ADRs/GD Rs.**

**n) ADDRESS FOR CORRESPONDENCE:**

**Registered Office:**

23, Vaswani Mansion, 4th Floor,  
Dinshaw Vaccha Road,  
Opp. K.C. College,  
Churchgate  
Mumbai - 400 020.

**BY ORDER OF THE BOARD OF DIRECTORS OF**

**KGN INDUSTRIES LIMITED**

**Sd/-**

**DEEPAK RAVAL  
CS & CEO**

**KGN INDUSTRIES LIMITED**

**DECLARATION**

I, Deepak Raval, CS & CEO of the Company, hereby certify to the best of my knowledge and beliefs that all the members of the Board of Directors and Senior Management personnel of the Company have affirmed their compliance with the Code of Conduct applicable to them, as laid down by the Board of Directors in terms of Clause 49(I)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31<sup>st</sup> March, 2013.

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

Place : Mumbai  
Date : 13.08.2013

**Sd/-  
DEEPAK RAVAL  
CS & CEO**

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**AUDITORS' CERTIFICATE**

To,  
The Members  
**KGN Industries Limited,**  
Mumbai.

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 31<sup>st</sup> March, 2013, 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 KIRIT & CO.  
CHARTERED ACCOUNTANTS**

**Sd/-  
PROPRIETOR  
M.No. 038047  
FRN : 132282**

Place : Ahmedabad  
Date : 13<sup>th</sup> August, 2013



**CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY :**

We, Babulal Hirani, Director and Mr. Aftab Ahmed Kadri, Independent Director & Chairman of the Audit Committee and Mr. Deepak Raval, Company Secretary & Chief Executive Officer 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 materiality 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 the existing accounting standards, applicable laws, and regulations.
- (b) There are, to 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 policies 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.
- a) We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

**Date : 13<sup>th</sup> August, 2013**

**Babulal J Hirani : Director**

**Place : Mumbai**

**Aftab Ahmed Kadri : Independent Director & Chairman of  
Audit Committee**

**Deepak Raval : Company Secretary & CEO**

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of,  
KGN INDUSTRIES LIMITED,

**Report on the Financial Statements**

We have audited the accompanying financial statements of KGN INDUSTRIES LIMITED (the Company), which comprise the Balance Sheet as at 31st March, 2013, the statement of Profit & Loss and Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a.) In the case of the Balance Sheet, of the state of affairs of the company as on 31<sup>st</sup> March, 2013.
- b.) In the case of the Profit & Loss Account Statement Balance, of the profit for the year ended on 31<sup>st</sup> March, 2013.
- c.) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31<sup>st</sup> March, 2013.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended Companies (Auditor's Report) (Amended) Order, 2004, issued by the Central Government of India in terms of sub – section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure hereto a statement specified in paragraph 4 and 5 of the said order.
2. As required by Section 227(3) of the Act, we report that:
  - (i) 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 ;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet and Profit & Loss Statement Balance dealt with by this report are in agreement with the books of account;
  - (iv) On the basis of the written representation received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (v) In our opinion, the Balance Sheet & Profit & Loss Statement Balance complies with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

**For Kirit & Co.**  
Chartered Accountants

**Sd/-**  
**Kirit Kumar**  
Proprietor  
M.No. 038047  
FRN : 132282  
Place : Ahmedabad  
Date : 13<sup>th</sup> August,2013

**KGNI INDUSTRIES LIMITED  
ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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 is not affected.
2. There is no Inventories at the beginning as well as at the end of the year.
3. (a) The Company has granted unsecured loan to its Subsidiary Company and other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The Maximum amount granted during the year and year end balance of loan to such subsidiary was as per details given below. The terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

<b>Sr. No.</b>	<b>Name of the Party</b>	<b>Relation with the Company</b>	<b>Maximum Outstanding (in ₹ )</b>	<b>Closing Balance As on 31/03/2012 (in ₹ )</b>
1.	KGN Projects Limited	Subsidiary Company	24,11,000/-	23,21,306/-
2.	KGN Enterprises Limited	Associates	25,25,96,980/-	19,28,95,120/-

- (b) The Company has not taken loans, secured or unsecured from the companies or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedure commensurate with 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) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into 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 arrangement entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
6. The Company has not accepted deposits from the public, within the meaning of section 58A and 58AA of the Act and rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of the business.
8. As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
9. (a) According to the information and explanation 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 Insurance, 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 explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty were in arrears, as at 31st March, 2013 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, Custom 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 has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our examination of the records and 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. Based on our examination or the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi / Mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the said Order are not applicable to the Company.
14. During the year under audit, Company has not dealt or traded in shares, securities, debentures and other investments. Therefore we have no comments to offer under clause (xiv) of the Order.
15. According to the information and explanations given to us, the Company has not given any guarantee for Loans taken by others from bank or financial institutions.
16. The Company has not obtained any term loan during the year and therefore, we have no comments to offer under clause (xvi) of the Order.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion funds raised on a short-term basis has been used for long term investment and vice-a-versa, during the year.
18. The Company has not made any 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. According to the information and explanations given to us, the Company has not issued any debentures during the year.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year and accordingly the provision of the relevant clause of the order is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Kirit & Co.**

Chartered Accountants

Sd/-

**Kirit Kumar**

Proprietor

M. No. 038047

FRN : 132282W

Place: Ahmedabad

Date: 23<sup>rd</sup> May, 2013

Balance Sheet as at 31<sup>st</sup> March, 2013

(Amount in ₹)

Particulars		Note	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>I. EQUITY AND LIABILITIES</b>				
<b>1. Shareholder's Funds</b>				
	(a) Share Capital	1	22,25,00,000	22,25,00,000
	(b) Reserves and Surplus	2	39,37,23,500	38,92,34,155
<b>2. Non-Current Liabilities</b>				
	(a) Deferred Tax Liabilities	3	7,50,285	2,92,003
	(b) Long-Term Borrowings	4	35,00,000	--
<b>3. Current Liabilities</b>				
	(a) Short-Term Borrowings	5	4,80,42,640	35,00,000
	(b) Other Current Liabilities	6	3,08,57,949	25,72,687
	(c) Short-Term Provisions	7	1,72,43,603	1,57,21,205
<b>TOTAL</b>			<b>71,66,17,927</b>	<b>63,38,19,999</b>
<b>II. ASSETS</b>				
<b>Non-Current Assets</b>				
<b>1. (a) Fixed Assets</b>				
	(i) Tangible Assets	8	55,89,271	61,00,699
	(ii) Intangible Assets		1,77,600	1,77,600
	(iii) Work in Progress		4,74,77,652	
	(b) Non-Current Investments	9	3,02,59,940	3,52,59,940
	(c) Long-Term Loans and Advances	10	37,17,57,313	43,09,59,173
	(d) Other Non-Current Assets	11	3,25,960	6,51,924
<b>2. Current Assets</b>				
	(a) Trade Receivables	12	2,64,65,212	5,17,51,371
	(b) Cash And Cash Equivalents	13	35,56,471	43,58,806
	(c) Short-Term Loans and Advances	14	19,03,68,603	10,38,04,147
	(d) Other Current Assets	15	4,06,39,905	7,56,339
<b>TOTAL</b>			<b>71,66,17,927</b>	<b>63,38,19,999</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>		1 to 29		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.  
Chartered AccountantsSd/-  
Kirit Kumar  
Proprietor  
M. No. 038047  
FRN : 132282 WDate : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-  
Deepak Raval  
Director & company SecretaryDate : 23<sup>rd</sup> May, 2013  
Place : MumbaiSd/-  
Babulal J. Hirani  
Director

**Profit and Loss Statement Balance for the year ended 31<sup>st</sup> March 2013**

(Amount in ₹)

Particulars		Note	2012-2013	2011-2012
<b>INCOME</b>				
I.	Revenue From Operations	16	1,20,82,165	2,52,85,000
II.	Other Income	17	1,744	8,62,495
III.	<b>Total Revenue (I + II)</b>		<b>1,20,83,909</b>	<b>2,61,47,495</b>
<b>IV. EXPENDITURE</b>				
	Employee Benefits Expense	18	7,00,355	48,46,050
	Finance Costs	19	4,878	16,532
	Depreciation and Amortization Expense	20	11,68,328	11,55,248
	Other Expenses	21	9,71,843	93,53,978
	<b>Total Expenses</b>		<b>28,45,405</b>	<b>1,53,71,808</b>
V.	<b>Profit Before Tax (III – IV)</b>		<b>92,38,505</b>	<b>1,07,75,687</b>
VI.	<b>Tax Expense :</b>			
	(1) Current Tax		27,39,273	36,71,377
	(2) Deferred Tax		4,58,282	78,807
VII.	<b>Profit for the Year (V-VI)</b>		<b>60,40,949</b>	<b>70,25,503</b>
VIII.	<b>Earnings per Shares of Rs.1/- each fully paid up (in Rs.)</b>			
	Basic		0.027	0.032
	Diluted		0.027	0.032
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1 to 29		

The Accompanying notes are an Integral part of Financial Statements  
As per our Report of even date

For Kirit & Co.  
*Chartered Accountants*

For and on behalf of the Board of Directors

Sd/-  
**Kirit Kumar**  
*Proprietor*  
M. No. 038047  
FRN : 132282 W

Sd/-  
**Deepak Raval**  
*Director & company Secretary*

Sd/-  
**Babulal J. Hirani**  
Director

Date : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

Date : 23<sup>rd</sup> May, 2013  
Place : Mumbai



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

(Amount in ₹)

Particulars		2012 - 13	2011 - 2012
A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before Tax as per Profit and Loss Statement		
	Balance	92,35,505	1,07,75,687
	Adjustment For :		
	Depreciation and Amortisation Expenses	8,42,364	11,55,248
	Finance Cost	4,878	16,532
	Dividend Income	--	-5,85,000
	Interest on Fixed Deposits	-1,068	-2,56,476
	<b>Operating Profit before Working Capital Changes</b>	<b>1,00,84,678</b>	<b>1,11,05,991</b>
	Adjustment For :		
	(Increase)/Decrease in Trade Receivable	2,52,86,159	-10,16,342
	(Increase)/Decrease in Other Current Assets	-3,98,83,566	-4,12,478
	(Increase)/Decrease in Non Current Assets	3,25,964	
	(Increase)/Decrease in Other Current Liabilities	2,82,85,262	7,29,481
	(Increase)/Decrease in Short Term Provision	-12,16,875	14,16,153
	<b>Changes in Working Capital</b>	<b>1,27,96,945</b>	<b>7,16,814</b>
	<b>Cash Generated From Operations</b>	<b>2,28,81,623</b>	<b>1,18,22,805</b>
	Taxes Paid	--	--
	<b>Net Cash Flow from Operating Activities</b>	<b>2,28,81,623</b>	<b>1,18,22,805</b>
B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	-4,78,08,588	-1,51,319
	Interest on Fixed Deposits	1,068	2,56,476
	Dividend Income		5,85,000
	Change in Investment	50,00,000	--
	Movement in Short Term Loan and Advances	-8,65,64,457	--
	Movement in Long Term Loans and Advances	5,92,01,860	-1,33,05,628
	<b>Net Cash Used in Investing Activities</b>	<b>-7,01,70,116</b>	<b>-1,26,15,471</b>
C)	<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
	Finance Cost	-4,878	-16,532
	Dividend and Dividend Distribution Tax	-15,51,604	-25,86,118
	Movement in Long Term Borrowing	35,00,000	
	Movement in Short Term Borrowings	4,45,42,640	35,00,000
	<b>Net Cash used in Financing Activities</b>	<b>4,64,86,158</b>	<b>8,97,351</b>
	<b>Net Cash Flow (A + B + C)</b>	<b>-8,02,334</b>	<b>1,04,685</b>
	Cash & Cash Equivalents at the beginning of the year	43,58,856	42,54,171
	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>35,56,471</b>	<b>43,58,856</b>

As per our Report of even date

For Kirit & Co.  
Chartered Accountants  
Sd/-  
Kirit Kumar  
Proprietor  
M. No. 038047  
FRN : 132282 W

Date : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-  
Deepak Raval  
Director & Company Secretary

Sd/-  
Babulal J. Hirani  
Director

Date : 23<sup>rd</sup> May, 2013  
Place : Mumbai

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013**

**1. SHARE CAPITAL**

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number	Amount	Number	Amount
<b>SHARE CAPITAL</b>				
<b>Authorised Share Capital</b>				
23,00,00,000 Equity shares of ₹ 1/- each (P.Y.: 23,00,00,000 Equity Shares of ₹ 1/- each)	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
<b>TOTAL</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>
<b>Issued, Subscribed &amp; Paid up :</b>				
22,25,00,000 Equity shares of ₹ 1/- each (P.Y.: 22,25,00,000 Equity Shares of ₹ 1/- each)	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
<b>TOTAL</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>

**1.1 The Reconciliation of the Number of Shares Outstanding is set out below :**

Particulars	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number	Amount in ₹)	Number	Amount in ₹)
Shares outstanding at the beginning of the year	22,25,00,0000	22,25,00,0000	22,25,00,0000	22,25,00,0000
Shares Issued during the year	--	--	--	--
Shares bought back during the year	--	--	--	--
Shares outstanding at the end of the year	<b>22,25,00,0000</b>	<b>22,25,00,0000</b>	<b>22,25,00,0000</b>	<b>22,25,00,0000</b>

**1.2 The details of the shareholders holding more than 5% shares :**

Name of Shareholders	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Holdings Private Limited	11,99,08,452	53.89%	10,90,89,000	49.03%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

2. RESERVE & SURPLUS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>RESERVE &amp; SURPLUS</b>		
<b>A. Share Premium</b>		
Opening Balance	35,00,00,000	35,00,00,000
	<b>35,00,00,000</b>	<b>35,00,00,000</b>
<b>B. Profit &amp; Loss Statement Balance</b>		
Opening Balance	3,92,34,155	3,47,94,769
(+) Current Year Transfer	60,40,949	70,25,503
Less : Appropriation		
Proposed Dividend on Equity Shares [Dividend Per Share – 0.006 (Previous Year ₹ 0.01)]	13,35,000	22,25,000.00
Dividend Tax	2,16,604	3,61,117.50
Closing Balance	<b>4,37,23,500</b>	<b>3,92,34,155</b>
<b>TOTAL</b>	<b>39,37,23,500</b>	<b>38,92,34,155</b>

3. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
Related to Fixed Assets	7,50,285	2,92,003
<b>TOTAL</b>	<b>7,50,285</b>	<b>2,92,003</b>

4 LONG TERM BORROWING

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
(a) Others	35,00,000	--
<b>TOTAL</b>	<b>35,00,000</b>	<b>--</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

5. SHORT TERM BORROWINGS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT TERM BORROWINGS</b>		
<u>Unsecured</u>		
(a) Other	4,80,42,640	35,00,000
	<b>4,80,42,640</b>	<b>35,00,000</b>

6. OTHER CURRENT LIABILITIES (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>OTHER CURRENT LIABILITIES</b>		
Audit Fees Payable	1,18,800	1,25,400
Expenses Payable *	--	82,086
TDS Payable **	46,36,460	5,07,423
Sundry Creditor for Expenses	33,79,590	18,57,778
Professional Tax	7,475	
Others	2,27,15,623	
<b>TOTAL</b>	<b>3,08,57,949</b>	<b>25,72,687</b>

6.1 \* Includes Provision for salary, Telephone, Electricity, Advertisement

6.2 \*\* Includes TDS Payable in respect 192 B, 194 J, 1941

7. SHORT TERM PROVISIONS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT TERM PROVISIONS</b>		
(a) Provision for employee benefits		
Salary & Reimbursements	--	2,99,165
(b) Others	--	--
Provision for audit fees	59,400	--
Provision for Expenses *	56,404	--
Professional Tax	--	(1,000)
Proposed Dividend	13,35,000	22,25,000
Tax on Dividend	2,16,604	3,61,118
Provision for Income Tax A.Y. 2013-14	27,39,273	36,71,377
Provision for Income tax *	1,28,36,922	91,65,545
<b>TOTAL</b>	<b>1,72,43,603</b>	<b>1,57,21,205</b>

7.1 \* Includes Provision for Telephone, Electricity & Society Maintenance.

7.2 \* Includes Provision for the Year A.Y. 2010-11, A.Y. 2011-12 & A.Y. 2012-13

**KGN INDUSTRIES LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**8. FIXED ASSETS**

(Amount in ₹)

	FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION						NET BLOCK	
		Balance as at 1 <sup>st</sup> April 2012	Addition / (Disposal)	Acquired through Business Combinations	Revaluations/ (Impairments)	Balance as at 31 <sup>st</sup> March 2013	Balance as at 1 <sup>st</sup> April, 2012	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 <sup>st</sup> March 2013	Balance as at 31 <sup>st</sup> March 2013	Balance as at 31 <sup>st</sup> March 2012
a.	<b>Tangible Assets</b>												
	Furniture and Fixtures (6.33%)	6,24,172	--	--	--	6,24,172	45,600	39,510,09	--	--	85,110	5,39,062	5,78,572
	Vehicles (9.50%)	61,72,159	--	--	--	61,72,159	14,78,374	5,86,355	--	--	20,64,729	41,07,430	46,93,785
	Office Equipment (4.75%)	4,53,414	83,911	--	--	5,37,325	67,268	24,516	--	--	91,784	4,45,541	3,86,146
	Computers (16.21%)	10,40,830	2,47,025	--	--	12,87,855	5,98,634	1,91,983	--	--	7,90,617	4,97,238	4,42,196
	<b>TOTAL</b>	<b>82,90,575</b>	<b>3,30,936</b>	--	--	<b>86,21,511</b>	<b>21,89,876</b>	<b>8,42,364</b>	--	--	<b>30,32,240</b>	<b>55,89,271</b>	<b>61,00,699</b>
b.	<b>Intangible Assets</b>												
	Trade Mark	1,77,600	--	--	--	1,77,600	--	--	--	--	--	1,77,600	1,77,600
	<b>TOTAL</b>	<b>1,77,600</b>	--	--	--	<b>1,77,600</b>	--	--	--	--	--	<b>1,77,600</b>	<b>1,77,600</b>
c.	<b>Work in Progress</b>												
	CBM BLOCK	--	4,74,77,652	--	--	4,74,77,652	--	--	--	--	--	4,74,77,652	--
	<b>TOTAL</b>	--	<b>4,74,77,652</b>	--	--	<b>4,74,77,652</b>	--	--	--	--	--	<b>4,74,77,652</b>	--
	<b>TOTAL</b>	<b>84,68,175</b>	<b>4,78,08,588</b>	--	--	<b>5,62,76,763</b>	<b>21,89,876</b>	<b>8,42,364</b>	--	--	<b>30,32,240</b>	<b>5,32,44,522</b>	<b>62,78,299</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

## 9. NON-CURRENT INVESTMENTS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number of Shares	Amount	Number of Shares	Amount
<b>NON-CURRENT INVESTMENTS</b>				
<b>A. TRADE INVESTMENTS</b>	--	--	--	--
<b>B. OTHER INVESTMENTS</b>				
(A) In Equity Shares of Subsidiary Companies <u>UNQUOTED</u> , fully Paid up				
KGN Projects Limited	99,994	9,99,940	99,994	9,99,940
(B) In Preference Shares - KGN Enterprises Limited *	--	--	5,00,000	50,00,000
(C) In Equity Shares of other Companies Asian Logistics Limited		2,92,50,000		2,92,50,000
(B) National Saving Certificate		10,000		10,000
<b>TOTAL (A + B)</b>	<b>99,994</b>	<b>3,02,59,940</b>	<b>5,99,994</b>	<b>3,52,59,940</b>

9.1\* Preference Shares have been redeemed by the company

## 10. LONG TERM LOANS AND ADVANCES (Amount in ₹)

LONG TERM LOANS AND ADVANCES	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>a. Loans and Advances to Related Parties</b>		
Unsecured, considered good		
KGN Enterprises Limited	19,28,95,120	23,99,66,980
KGN Properties Private Limited	12,96,18,543	14,17,48,543
<b>b. Others Loans and Advances</b>		
Unsecured, considered good	4,92,43,650	4,92,43,650
<b>TOTAL</b>	<b>37,17,57,313</b>	<b>43,09,59,173</b>

## 11. OTHER NON-CURRENT ASSETS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>OTHER NON-CURRENT ASSETS</b>		
Preliminary Expenses not Written off	3,25,960	6,51,924
<b>TOTAL</b>	<b>3,25,960</b>	<b>6,51,924</b>

Note: Preliminary Expenses to be written off in the coming year having term more than the Normal Operating Cycle (i.e. 12 months) has shown here.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

## 12. TRADE RECEIVABLE

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>TRADE RECEIVABLE</b> (Unsecured and Considered Good)		
Over Six Months	2,64,65,212	2,64,66,371
Other		2,52,85,000
<b>TOTAL</b>	<b>2,64,65,212</b>	<b>5,17,51,371</b>

## 13. CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>CASH AND CASH EQUIVALENTS</b>		
a. Balance with banks	14,64,905	12,95,553
b. Cash in hand	91,566	63,253
c. Fixed Deposit with Bank	20,00,000	30,00,000
<b>TOTAL</b>	<b>35,56,471</b>	<b>43,58,806</b>

## 14. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT-TERM LOANS AND ADVANCES</b>		
<b>a. Security Deposit</b>		
Unsecured, considered good		
Deposit with Government Authority	8,35,13,200	8,89,29,250
Mumbai Office Deposit	22,11,300	22,11,300
Other Deposits	7,18,993	1,03,993
<b>b. Loans and Advances to Related parties</b>		
Unsecured, considered good		
KGN Project Limited	23,21,306	24,11,000
Others	12,00,000	12,00,837
<b>c. Other (Specity Nature)</b>		
Unsecured, considered good		
Balance with Revenue Authority	29,56,022	29,56,022
Biator Industries Limited	17,20,845	17,20,845
Legend Powers Pvt. Ltd.	9,24,53,800	
Others	32,73,138	42,70,900
<b>TOTAL</b>	<b>19,03,68,603</b>	<b>10,38,04,146</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

15. OTHER CURRENT ASSETS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	1,70,431	2,48,723
Other Income Receivable	3,67,99,828	1,62,663
Prepaid Insurance	45,067	18,989
Preliminary Expenses not Written Off	3,25,964	3,25,964
Service Tax Input	32,98,615	
<b>TOTAL</b>	<b>4,06,39,905</b>	<b>7,56,339</b>

Notes : Preliminary expenses to be written of during to the normal operating (i.e. 12 months) has been shown here

16. REVENUE FROM OPERATION (Amount in ₹)

	2012 - 13	2011 - 12
<b>REVENUE FROM OPERATION</b>		
Income from Operation	--	2,52,85,000
Other Income	1,20,82,165	--
<b>TOTAL</b>	<b>1,20,82,165</b>	<b>2,52,85,000</b>

17. OTHER INCOME (Amount in ₹)

	2012 - 13	2011 - 12
<b>OTHER INCOME</b>		
Interest on Fixed Deposit	1,068.40	2,56,476
Dividend Income	--	5,85,000
Kasar – Vatav	--	12,042
Other Income	676.00	8,977
<b>TOTAL</b>	<b>1,744</b>	<b>8,62,495</b>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

## 18. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

	2012 - 13	2011 - 12
<b><u>EMPLOYEE BENEFITS EXPENSE</u></b>		
(a) Salaries and Incentives	4,64,265	25,26,691
(b) Directors' Remuneration	2,25,000	22,50,000
(c) Staff Welfare Expenses	11,091	69,359
<b>TOTAL</b>	<b>7,00,355</b>	<b>48,46,050</b>

## 19. FINANCE COST

(Amount in ₹)

	2012 - 13	2011 - 12
<b><u>FINANCE COST</u></b>		
Bank Charges	3,615	16,532
Interest on Professional Tax	38	--
Interest on TDS	1,225	--
<b>TOTAL</b>	<b>4,878</b>	<b>16,532</b>

## 20. DEPRECIATION &amp; AMORTISATION EXPENSES

(Amount in ₹)

	2012 - 13	2011 - 12
<b><u>DEPRECIATION &amp; AMORTISATION EXPENSES</u></b>		
Depreciation on Fixed Assets	8,42,364	8,29,284
Preliminary Expense Written off during the year	3,25,964	3,25,964
<b>TOTAL</b>	<b>11,68,328</b>	<b>11,55,248</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013**

**21. OTHER EXPENSES** (Amount in ₹)

	2012 – 2013	2011 – 2012
<b>OTHER EXPENSES</b>		
<b><u>A. ADMINISTRATION EXPENSES</u></b>		
Advertisement Expenses	5,888	73,859
Audit Fees Expenses	6,600	96,000
Bad Debts Written Off	198	--
Books & Periodicals	1,200	--
Brokerage & Commission Expenses	5,400	--
Car Expenses	2,278	32,594
Conveyance Expenses	8,620	55,649
Demat Expenses	190	785
Donation Expenses	50,500	11,000
Electricity Expenses	48,663	3,74,154
Food & Refreshment Expenses	9,207	1,00,294
Gift & Voucher Expenses	1,146	20,709
Government Fee for Trade Mark	--	3,000
Hotel Club & Hospitality Expenses	5,427	25,402
Income Tax Expenses (F.Y. 2007-2008 and F.Y. 2008-09)	--	4,20,242
Insurance Expenses	615	17,746
Legal & Professional Fees	15,623	2,89,823
Listing (BSE & ASE) Fees	17,978	1,76,480
Lodging & Boarding Expenses	81,391	5,80,227
Membership Fees Expenses	3,031	29,454
Miscellaneous Expenses	36,605	2,21,531
Office Expenses	23,666	75,971
Office Rent, Rate & Taxes Expenses	4,46,956	45,01,146
Petrol Expense	7,760	91,424
Pooja Expenses	1,583	--
Postage & Courier Expenses	2,731	26,407
Printing & Stationery Expenses	10,573	88,297
Professional Tax	--	2,500
Property Tax	2,852	27,005
Repair & Maintenance Expenses	17,744	73,878
ROC Expenses	1,623	12,625
Sales Promotion Expenses	5,179	1,40,907
Sales Tax Registration Fees	--	14,540
Society Maintenance Expenses	7,583	52,436
Staff Recruitment Expenses	--	11,995
Subscription Expenses	--	10,999
Telephone & Broadband Expenses	27,315	3,54,946
Travelling Expenses	1,14,476	13,33,026
Web Development Expenses	1,242	6,926
	<b>9,71,843</b>	<b>93,53,978</b>

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2013**

22. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
23. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2013. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which has been within these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
24. Contingent Liability is not provided for is ₹ 'NIL'.
25. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
26. Company has been awarded in 1 Block NELP Round Block located at Vindhayan, Madhya Pradesh. Company has not engaged in any other activity during the year, since majority of expenses incurred by the company are related to the block and presently block is under work in progress. Management has decided to charge 10% of the expenses to Profit & Loss Account and remaining expenses to be capitalized in the block.

**27. RELATED PARTY DISCLOSURES:**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

**(i) List of Related Parties where control exists and Related Parties with whom transactions have been taken place and relationships :**

S.No.	Name of Related Party	Relationship
1	KGN Projects Limited	Subsidiary
2	KGN Enterprises Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
3	KGN Properties Private Limited	
4	Arif I Memon	Key Managerial Personnel
5	Deepak Raval	CEO & Company Secretary

## (ii) Transaction during the year with Related Parties :

S. No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Projects Limited	Loans & Advances Returned (net)	89,694/-	23,21,306/-
2	KGN Enterprises Limited	Loans & Advances Returned (net)	4,70,71,860/-	19,28,95,120/-
3	KGN Properties Private Ltd	Loans & Advances Returned (net)	1,21,30,000/-	12,96,18,543/-
4	Mr. Arif Memon	Director Remuneration Loan Taken	22,50,000/- 4,80,42,640/-	4,80,42,460/-
5	Mr. Deepak Raval	Salary	15,91,984/-	--

## 28. Payment to Auditor

Payment to the Auditor	2012-2013	2011-2012
a. For Statutory Audit	50,000	40,000
b. For Tax Audit	10,000	20,000
c. For Consulting Fees	6,000	36,000

**For Kirit & Co.**  
*Chartered Accountants*

**Sd/-**  
**Kirit Kumar**  
Proprietor  
M.No. 038047  
FRN: 132282W

Date: 23rd May, 2013  
Place: Ahmedabad

**For and on behalf of the Board of Directors**

**Sd/-**                                      **Sd/-**  
**Deepak Raval**                      **Babulal J Hirani**  
Director & CS                      Director

Date: 23<sup>rd</sup> May, 2013  
Place: Mumbai

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**29. SIGNIFICANT ACCOUNTING POLICIES:**

**1. 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.

**2. 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 results and estimates are recognized in the period in which the results are known / materialized.

**3. FIXED ASSETS:**

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

**4. 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 day of Acquisition/Installation.

**5. INVESTMENTS:**

The Non- Current Investments are stated at cost. Provision for diminution in the value of Investments is made only if; such a decline is other than temporary. In the opinion of the management, there is no diminution in the value of Investment.

**6. 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 realizable value whichever is lower.

There is no Inventories at the beginning as well as at the end of the year.

**7. PRELIMINARY EXPENDITURE:**

Preliminary Expenses is to be written off in equal installment over 5 years from the date of their incurrence.

**8. REVENUE RECOGNITION:**

All incomes and expenditure are accounted on accrual basis except where stated otherwise. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.

**9. TAXES ON INCOME:**

Provision for the current tax is made after taking into consideration benefit admissible under the provision of the Income Tax Act, 1961. Deferred Tax resulting from difference between depreciation as per Companies Act, 1956 and Income Tax Act, 1961. Deferred Tax Liability is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

**10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of the estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. There are no such liabilities during the year.

**11. BORROWING COSTS**

The Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready for its intended use. All other Borrowing Costs are charged to Profit & Loss Account.

There are no borrowing costs during the year.

**12. IMPAIRMENT OF ASSETS**

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 exist, an asset's recoverable is estimated. An Impairment loss is recognized whenever Carrying Amount of an assets exceeds its Recoverable Amount. An asset is treated as impaired when the carrying cost exceeds its recoverable value.

There is no Impairment of assets during the year.

**13. FOREIGN CURRENCY TRANSACTIONS:**

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of 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 recognized 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 recognized as exchange difference.
- iv. In respect of hedging transactions, the premium/discount represented by difference between the exchange rate as the date of inception of the forward exchange contract and forward rate specified in the contract is amortized as expense or income over the life of the contract.

There are no Foreign Currency Transactions during the year.

#### **14. GENERAL ACCOUNTING POLICIES**

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

**For Kirit & Co.**  
*Chartered Accountants*

**For and on behalf of the Board of Directors**

**Sd/-**  
**Kirit Kumar**

**Sd/-**  
**Deepak Raval**

**Sd/-**  
**Babulal J Hirani**

*Proprietor*  
**M.No. 038047**  
**FRN: 132282W**

**Director & CS**

**Director**

**Date: 23<sup>rd</sup> May, 2013**  
**Place: Ahmedabad**

**Date: 23<sup>rd</sup> May, 2013**  
**Place: Mumbai**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,  
1956 RELATING TO SUBSIDIARY COMPANIES**

1.	<b>Name Of The Subsidiary</b>	<b>KGN Projects Limited</b>
2.	Financial Year of Subsidiary Company	31 <sup>st</sup> March, 2013
3.	Number of shares held in Subsidiary Company on the above date	1,00,000
4.	Extent of share holding interest (in %)	99.994%
The Net Aggregate of Profits less losses of the Subsidiary Company as far as its concerns the members of the Holding Company		
Not dealt with in the Holding Company's Accounts :		
	a) For the Financial Year of the Subsidiary	N.A
	b) For the Previous Financial Years, Since it became Holding Company's Subsidiary	N.A
<b>dealt with in the Holding Company's Accounts :</b>		
	a) For the Financial Year of the Subsidiary	2,919
	b) For the Previous Financial Years, Since it became Holding Company's Subsidiary	8,29,570
5.	Material Changes between the end of the Financial Years of the Subsidiary and Holding Companies.	N.A.

**On behalf of the Board of Directors**

**Sd/-  
Babulal J Hirani  
Director**



**INDEPENDENT AUDITORS' REPORT**

**To,  
The Members of,  
KGN INDUSTRIES LIMITED,**

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated financial statements of **KGN INDUSTRIES LIMITED**("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the Consolidated statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriates of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements/consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a.) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as on 31<sup>st</sup> March, 2013;
- b.) In the case of the Consolidated Profit & Loss Account Statement Balance, of the profit of the Group for the year ended on that date and;
- c.) In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For Kirit & Co.**

*Chartered Accountants*

**Sd/-**

**Kirit Kumar**

*Proprietor*

**M.No. 038047**

**FRN: 132282W**

**Place: Ahmedabad**

**Date: 23<sup>rd</sup> May, 2013**

Consolidated Balance Sheet as at 31<sup>st</sup> March 2013

(Amount in ₹)

Particulars	Note	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
1. <b>Shareholder's Funds</b>			
(a) Share Capital	1	22,25,00,000	22,25,00,000
(b) Reserves and Surplus	2	39,45,34,218	39,00,41,894
2. <b>Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (Net)	3	7,50,285	2,92,003
(b) Long-Term Borrowings	4	35,00,000	--
3. <b>Current Liabilities</b>			
(a) Short-Term Borrowings	5	4,80,84,036	35,41,396
(b) Trade Payables		25,63,315	25,63,315
(c) Other Current Liabilities	6	3,08,74,685	25,83,865
(d) Short-Term Provisions	7	1,76,15,876	1,60,92,171
<b>TOTAL</b>		<b>72,04,22,365</b>	<b>63,76,14,594</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
1. (a) Fixed Assets	8		
(i) Tangible Assets		55,89,271	61,00,699
(ii) Intangible Assets		1,77,600	1,77,600
(iii) Work in Progress		4,74,77,652	
(b) Non-Current Investments	9	2,92,60,000	3,42,60,000
(c) Long-Term Loans and Advances	10	37,17,57,313	43,09,59,173
(d) Other Non-Current Assets	11	3,34,689	6,69,382
2. <b>Current Assets</b>			
(a) Trade Receivables	12	2,64,65,212	5,17,51,371
(b) Cash and Cash Equivalents	13	36,26,443	45,00,205
(c) Short-Term Loans and Advances	14	19,40,47,603	10,73,93,146
(d) Other Current Assets	15	4,16,86,583	18,03,017
<b>TOTAL</b>		<b>72,04,22,365</b>	<b>63,76,14,594</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1 to 27		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 23<sup>rd</sup> May, 2013

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Deepak Raval

Director & company Secretary

Sd/-

Babulal J. Hirani

Director

Date : 23<sup>rd</sup> May, 2013

Place : Mumbai

**Consolidated Profit and Loss Statement Balance for the year ended 31<sup>st</sup> March 2013**

(Amount in ₹)

Particulars		Note	2012-2013	2011-2012
<b>INCOME</b>				
I.	Revenue From Operations	16	1,21,15,683	7,23,36,200
II.	Other Income	17	1,744	8,62,495
III.	<b>Total Revenue (I + II)</b>		<b>1,21,17,427</b>	<b>7,31,98,695</b>
<b>IV. EXPENDITURE</b>				
	Purchases of Stock-in-Trade		--	--
	Employee Benefits Expense	18	7,00,355	55,90,050
	Finance Costs	19	5,228	60,297
	Depreciation and Amortization Expense	20	11,77,057	11,72,706
	Other Expenses	21	9,92,057	5,43,99,418
	<b>Total Expenses</b>		<b>28,74,698</b>	<b>6,12,22,471</b>
V.	<b>Profit Before Tax (III – IV)</b>		<b>92,42,730</b>	<b>1,19,76,224</b>
VI.	Tax Expense :			
	(1) Current Tax		27,40,579	40,42,344
	(2) Deferred Tax		4,58,282	78,807
VII.	<b>Profit for the Year (V-VI)</b>		<b>60,438,69</b>	<b>78,55,073</b>
VIII.	<b>Earnings per Shares of Rs.1/- each fully paid up (in Rs.)</b>			
	Basic		0.027	0.035
	Diluted		0.027	0.035
	<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1 to 28		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
Kirit Kumar  
Proprietor  
M. No. 038047  
FRN : 132282 W

Sd/-  
Deepak Raval  
Director & company Secretary

Sd/-  
Babulal J. Hirani  
Director

Date : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

Date : 23<sup>rd</sup> May, 2013  
Place : Mumbai

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

		(Amount in ₹)	
Particulars		2012 – 13	2011 – 2012
A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before Tax as per Profit and Loss Statement		
	Balance	92,42,730	1,19,76,224
	<b>Adjustment For :</b>		
	Depreciation and Amortisation Expenses	11,77,057	11,72,706
	Finance Cost	5,228	42,772
	Dividend Income	--	-5,85,000
	Interest on Fixed Deposits	-1,068	-2,56,476
	<b>Operating Profit before Working Capital Changes</b>	<b>1,04,23,947</b>	<b>3,74,002</b>
	<b>Adjustment For :</b>		
	(Increase)/Decrease in Trade Receivable	2,52,86,159	-10,16,342
	(Increase)/Decrease in Other Current Assets	-3,98,83,566	-14,50,427
	(Increase)/Decrease in Trade Payable	--	25,63,315
	(Increase)/Decrease in Other Current Liabilities	2,82,90,820	21,51,253
	(Increase)/Decrease in Short Term Provision	-12,16,875	
	<b>Changes in Working Capital</b>	<b>1,24,76,539</b>	<b>22,47,799</b>
	<b>Cash Generated From Operations</b>	<b>2,29,00,485</b>	<b>1,45,98,025</b>
	Taxes Paid	--	--
	<b>Net Cash Flow from Operating Activities</b>	<b>2,29,00,485</b>	<b>1,45,98,025</b>
B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	-4,78,08,588	-1,51,319
	Preference Share Redeemed	50,00,000	--
	Being Capital Reserve Created	60	--
	Interest on Fixed Deposits	1,068	2,56,476
	Dividend Income	--	5,85,000
	Movement in Short Term Loan and Advances	-8,66,54,457	
	Movement in Long Term Loans and Advances	5,92,01,860	-1,70,44,628
	<b>Net Cash Used in Investing Activities</b>	<b>-7,02,60,056</b>	<b>-1,63,54,471</b>
C)	<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
	Finance Cost	-5,228	-42,772
	Dividend and Dividend Distribution Tax	-15,51,604	-25,86,118
	Movement in Long Term Borrowing	35,00,000	
	Movement in Short Term Borrowings	4,45,42,640	35,00,000
	<b>Net Cash used in Financing Activities</b>	<b>4,64,85,808</b>	<b>8,71,110</b>
	<b>Net Cash Flow (A + B + C)</b>	<b>-8,73,762</b>	<b>-8,85,336</b>
	Cash & Cash Equivalents at the beginning of the year	45,00,205	53,85,591
	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>36,26,443</b>	<b>45,00,205</b>

As per our Report of even date

For Kirit & Co.  
Chartered Accountants  
Sd/-  
Kirit Kumar  
Proprietor  
M. No. 038047  
FRN : 132282 W  
Date : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-  
Deepak Raval  
Director & Company Secretary

Sd/-  
Babulal J. Hirani  
Director

Date : 23<sup>rd</sup> May, 2013  
Place : Mumbai

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013**

**1. SHARE CAPITAL**

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number		Number	
<b>SHARE CAPITAL</b>				
<b>Authorised Share Capital</b>				
23,00,00,000 Equity shares of Rs. 1/- each (P.Y.: 23,00,00,000 Equity Shares of Rs. 1/- each)	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
<b>TOTAL</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>	<b>23,00,00,000</b>
<b>Issued, Subscribed &amp; Paid up :</b>				
22,25,00,000 Equity shares of Rs. 1/- each (P.Y.: 22,25,00,000 Equity Shares of Rs. 1/- each)	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
<b>TOTAL</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>	<b>22,25,00,000</b>

**1.1 The Reconciliation of the Number of Shares Outstanding is set out below :**

Particulars	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number	Amount in ₹)	Number	Amount in ₹)
Shares outstanding at the beginning of the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
Shares Issued during the year	--	--	--	--
Shares bought back during the year	--	--	--	--
Shares outstanding at the end of the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000

**1.2 The details of the shareholders holding more than 5% shares :**

Name of Shareholders	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Holdings Private Limited	11,99,08,452	53.89%	10,90,89,000	49.03%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

2. RESERVE & SURPLUS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>RESERVE &amp; SURPLUS</b>		
<b>A. Share Premium</b>		
Opening Balance	35,00,00,000	35,00,00,000
	35,00,00,000	35,00,00,000
<b>B. Capital Reserve</b>	60	--
Consolidated Reserve	60	--
<b>C. Profit &amp; Loss Statement Balance</b>		
Opening Balance	4,00,41,894.04	3,47,72,938
(+) Current Year Transfer	60,43,868	78,55,073
Less : Appropriation		
Proposed Dividend on Equity Shares [Dividend Per Share – 0.006 (Previous Year – 0.01/share)]	13,35,000	22,25,000
Dividend Tax	2,16,604	3,61,118
<b>Closing Balance</b>	<b>4,45,34,158</b>	40,041,894
<b>TOTAL</b>	<b>39,45,34,218</b>	39,00,41,894

3. DEFERRED TAX LIABILITIES (NET)

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>DEFERRED TAX LIABILITIES (NET)</b>		
Related to Fixed Assets	7,50,285	2,92,003
<b>TOTAL</b>	<b>7,50,285</b>	2,92,003

4 LONG TERM BORROWING

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>LONG TERM BORROWING</b>		
(a) Others	35,00,000	--
<b>TOTAL</b>	<b>35,00,000</b>	--

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2013

5. SHORT TERM BORROWINGS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT TERM BORROWINGS</b>		
<b>Unsecured</b>		
(a) Loans and Advances From Related Parties		
Others	4,80,84,036	35,41,396
<b>TOTAL</b>	<b>4,80,84,036</b>	<b>35,41,396</b>

6. OTHER CURRENT LIABILITIES (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>OTHER CURRENT LIABILITIES</b>		
Audit Fees Payable	1,35,536	1,36,518
Expenses Payable *	--	82,086
TDS Payable **	46,36,460	5,07,423
Sundry Creditor for Expenses	33,79,590	18,57,838
Professional Tax	7,475	--
Others	2,27,15,623	--
<b>TOTAL</b>	<b>3,08,74,685</b>	<b>25,83,865</b>

6.1 \* Includes Provision for salary, Telephone, Electricity, Advertisement

6.2 \*\* Includes TDS Payable in respect 192 B, 194 J, 194I

7 SHORT TERM PROVISIONS (Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT TERM PROVISIONS</b>		
(a) Provision for employee benefits		
Salary & Reimbursements	--	2,99,165
(b) Others	--	--
Provision for Audit fees	59,400	--
Provision for Expenses *	56,404	--
Professional Tax	--	(1,000)
Proposed Dividend	13,35,000	22,25,000
Tax on Dividend	2,16,604	3,61,118
Provision for Income Tax A.Y. 2013-14	27,40,579	--
Provision for Income tax *	1,32,07,889	1,32,07,889
<b>TOTAL</b>	<b>1,76,15,876</b>	<b>1,60,92,171</b>

7.1 \* Includes Provision for Telephone, Electricity & Society Maintenance.

7.2 \* Includes Provision for the Year A.Y. 2010-11, A.Y. 2011-12 & A.Y. 2012-13.



**KGN INDUSTRIES LIMITED**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**8. FIXED ASSETS**

(Amount in ₹)

	FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION						NET BLOCK	
		Balance as at 1 <sup>st</sup> April 2012	Addition / (Disposal)	Acquired through Business Combinations	Revaluations/ (Impairments)	Balance as at 31 <sup>st</sup> March 2013	Balance as at 1 <sup>st</sup> April, 2012	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 <sup>st</sup> March 2013	Balance as at 31 <sup>st</sup> March 2013	Balance as at 31 <sup>st</sup> March 2012
a.	<b>Tangible Assets</b>												
	Furniture and Fixtures (6.33%)	6,24,172	--	--	--	6,24,172	45,600	39,510	--	--	85,110	5,39,062	5,78,572
	Vehicles (9.50%)	61,72,159	--	--	--	61,72,159	14,78,374	5,86,355	--	--	20,64,729	41,07,430	46,93,785
	Office Equipment (4.75%)	4,53,414	83,911	--	--	5,37,325	67,268	24,516	--	--	91,784	4,45,541	3,86,146
	Computers (16.21%)	10,40,830	2,47,025	--	--	12,87,855	5,98,634	1,91,983	--	--	7,90,617	4,97,238	4,42,196
	<b>TOTAL</b>	<b>82,90,575</b>	<b>3,30,936</b>	--	--	<b>86,21,511</b>	<b>21,89,876</b>	<b>8,42,364</b>	--	--	<b>30,32,240</b>	<b>55,89,271</b>	<b>61,00,699</b>
b.	<b>Intangible Assets</b>												
	Trade Mark	1,77,600	--	--	--	1,77,600	--	--	--	--	--	1,77,600	1,77,600
	<b>TOTAL</b>	<b>1,77,600</b>	--	--	--	<b>1,77,600</b>	--	--	--	--	--	<b>1,77,600</b>	<b>1,77,600</b>
c.	<b>Work in Progress</b>												
	CBM BLOCK	--	4,74,77,652	--	--	4,74,77,652	--	--	--	--	--	4,74,77,652	--
	<b>TOTAL</b>	--	<b>4,74,77,652</b>	--	--	<b>4,74,77,652</b>	--	--	--	--	--	<b>4,74,77,652</b>	--
	<b>TOTAL</b>	<b>84,68,175</b>	<b>4,78,08,588</b>	--	--	<b>5,62,76,763</b>	<b>21,89,876</b>	<b>8,42,364</b>	--	--	<b>30,32,240</b>	<b>5,32,44,522</b>	<b>62,78,299</b>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

9. NON-CURRENT INVESTMENTS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	Number of Shares	Amount	Number of Shares	Amount
<b>NON-CURRENT INVESTMENTS</b>				
<b>A. OTHER INVESTMENTS</b>				
(A) In Preference Shares - KGN Enterprises Limited *	--	--	5,00,000	5,00,000
(B) In Equity Shares of other Companies Asian Logistics Limited	--	2,92,50,000	--	2,92,50,000
(B) National Saving Certificate		10,000		10,000
<b>TOTAL (A + B)</b>	--	<b>2,92,60,000</b>	5,00,000	<b>3,42,60,000</b>

9.1\* Preference Shares have been redeemed by the company during the year.

10. LONG TERM LOANS AND ADVANCES

(Amount in ₹)

LONG TERM LOANS AND ADVANCES	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>a. Loans and Advances to Related Parties</b>		
Unsecured, considered good		
KGN Enterprises Limited	19,28,95,120	23,99,66,980
KGN Properties Private Limited	12,96,18,543	14,17,48,543
<b>b. Others Loans and Advances</b>		
Unsecured, considered good		
Others	4,92,43,650	4,92,43,650
<b>TOTAL</b>	<b>37,17,57,313</b>	<b>43,09,59,173</b>

11. OTHER NON-CURRENT ASSETS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>OTHER NON-CURRENT ASSETS</b>		
Preliminary Expenses not Written off	3,34,689	6,69,382
<b>TOTAL</b>	<b>3,34,689</b>	<b>6,69,382</b>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

12. TRADE RECEIVABLE

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>TRADE RECEIVABLE</b> (Unsecured and Considered Good)		
Over Six Months	2,64,65,212	2,64,66,371
Other		2,52,85,000
<b>TOTAL</b>	<b>2,64,65,212</b>	<b>51,751,371</b>

13. CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>CASH AND CASH EQUIVALENTS</b>		
a. Balance with banks	14,70,264	14,01,570
b. Cash in hand	1,56,179	98,635
c. Fixed Deposit with Bank	20,00,000	30,00,000
<b>TOTAL</b>	<b>36,26,443</b>	<b>45,00,205</b>

14. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>SHORT-TERM LOANS AND ADVANCES</b>		
<b>a. Security Deposit</b>		
Unsecured, considered good		
Deposit with Government Authority	8,35,13,200	8,89,29,250
Mumbai Office Deposit	22,11,300	22,11,300
Other Deposits	7,18,993	1,03,993
<b>b. Loans and Advances to Related parties</b>		
Unsecured, considered good		
Others		
<b>c. Other (Specity Nature)</b>	12,00,306	12,00,837
Unsecured, considered good		
Advance to Employee	--	1,38,200
Balance with Revenue Authority	29,56,022	29,56,022
Biator Industries Limited	17,20,845	17,20,845
Legend Powers Pvt. Ltd.	9,24,53,800	--
Others	92,73,138	1,01,32,700
<b>TOTAL</b>	<b>19,40,47,603</b>	<b>10,73,93,146</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March. 2013**

**15. OTHER CURRENT ASSETS**

(Amount in ₹)

	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b><u>OTHER CURRENT ASSETS</u></b>		
Interest Receivable	1,70,431	2,48,723
Other Income Receivable	3,67,99,828	1,62,663
Prepaid Insurance	45,067	18,989
Service Tax input credit	32,98,615	--
Preliminary Expenses not Written Off	3,34,693	3,34,693
TDS Receivable A.Y. 2012-13	10,37,949	10,37,949
<b>TOTAL</b>	<b>4,16,86,583</b>	<b>18,03,017</b>

**Note:** Preliminary Expenses to be written off during the normal operating cycle (i.e. 12 months) has been shown here.

**16. REVENUE FROM OPERATION**

(Amount in ₹)

	2012 - 13	2011 - 12
<b><u>REVENUE FROM OPERATION</u></b>		
Income from Operation	--	2,52,85,000
Income from Service	--	4,70,51,200
Other Income	1,21,15,683	--
<b>TOTAL</b>	<b>1,21,15,683</b>	<b>7,23,36,200</b>

**17. OTHER INCOME**

(Amount in ₹)

	2012 - 13	2011 - 12
<b><u>OTHER INCOME</u></b>		
Interest on Fixed Deposit		
Dividend Income	1,068	2,56,476
Kasar – Vataav	--	5,85,000
Other Income	--	12,042
	676	8,977
<b>TOTAL</b>	<b>1,744</b>	<b>8,62,495</b>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

## 18. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

	2012 - 13	2011 - 12
<b>EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and Incentives	4,64,265	32,46,691
(b) Directors' Remuneration	2,25,000	22,50,000
(c) Staff Welfare Expenses	11,091	93,359
<b>TOTAL</b>	<b>7,00,355</b>	<b>55,90,050</b>

## 19. FINANCE COST

(Amount in ₹)

	2012 - 13	2011 - 12
<b>FINANCE COST</b>		
Bank Charges	3,615	17,525
Handling / Shipping Charges	38	--
Interest Expenses	1,575	42,772
<b>TOTAL</b>	<b>5,228</b>	<b>60,297</b>

## 20. DEPRECIATION &amp; AMORTISATION EXPENSES

(Amount in ₹)

	2012 - 13	2011 - 12
<b>DEPRECIATION &amp; AMORTISATION EXPENSES</b>		
Depreciation on Fixed Assets	8,42,364	8,29,284
Preliminary Expense Written off during the year	3,34,693	3,43,422
<b>TOTAL</b>	<b>11,77,057</b>	<b>11,72,706</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2013

21. OTHER EXPENSES	(Amount in ₹)	
	2012 – 13	2011 – 2012
<b>OTHER EXPENSES</b>		
<b><u>A. ADMINISTRATION EXPENSES</u></b>		
Advertisement Expenses	5,888	73,859
Audit Fees Expenses	12,218	1,01,618
Bad Debts Written Off	198	--
Bank related Charges	10,309	--
Books & Periodicals	1,200	--
Brokerage & Commission Expenses	5,400	--
Car Expenses	2,278	32,594
Conveyance Expenses	8,620	1,28,849
Demat Expenses	190	785
Donation Expenses	50,500	11,000
Electricity Expenses	48,663	3,74,154
Food & Refreshment Expenses	9,207	1,00,294
Gift & Voucher Expenses	1,146	20,709
Government Fee for Trade Mark	--	3,000
Hotel Club & Hospitality Expenses	5,427	25,402
Income Tax Expenses (F.Y. 2007-2008 and F.Y. 2008-09)	--	4,20,242
Insurance Expenses	615	17,746
Inter State Services	--	4,48,10,813
Legal & Professional Fees	15,623	2,89,973
Listing (BSE & ASE) Fees	17,978	1,76,480
Lodging & Boarding Expenses	81,391	5,80,227
Membership Fees Expenses	3,031	29,454
Miscellaneous Expenses	36,605	2,38,472
Office Expenses	23,666	1,23,771
Office Rent, Rate & Taxes Expenses	4,46,956	45,01,146
Petrol Expense	7,760	91,424
Pooja Expenses	1,583	--
Postage & Courier Expenses	2,731	26,407
Printing & Stationery Expenses	10,573	1,35,097
Professional Tax	--	2,500
Property Tax	2,852	27,005
Repair & Maintenance Expenses	17,744	73,878
ROC Expenses	5,910	13,543
Sales Promotion Expenses	5,179	1,40,907
Sales Tax Registration Fees	--	14,540
Society Maintenance Expenses	7,583	52,436
Staff Recruitment Expenses	--	11,995
Subscription Expenses	--	10,999
Telephone & Broadband Expenses	27,315	3,54,946
Travelling Expenses	1,14,476	13,76,226
Web Development Expenses	1,242	6,926
	<b>9,92,057</b>	<b>5,43,99,418</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2013**

22. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions, have been made for all known current and non- current liabilities and provisions are not in excess of the amount reasonably necessary.
23. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2013. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which have been with in these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
24. Contingent Liability is not provided for is ₹ 'NIL'.
25. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
26. Company has been awarded in NELP Round Block located at Vindhayan, Madhya Pradesh. Company has not engaged in any other activity during the year, Since majority of expenses incurred by the company are related to the block and presently block is under work in progress. Management has decided to charge 10% of the expenses to Profit & Loss Account and remaining expenses to be capitalized in the block.
27. **RELATED PARTY DISCLOSURES :**  
As per Accounting Standard 18, the disclosures of transactions with the related parties are given below :

**(iii) List of Related Parties where control exists and Related Parties with whom transactions have been taken place and relationships :**

S.No.	Name of Related Party	Relationship
1	KGN Projects Limited	Subsidiary
2	KGN Enterprises Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
3	KGN Properties Private Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
4	Arif I Memon	CMD - Key Managerial Personnel
5	Deepak Raval	CEO & Company Secretary

**(ii) Transaction during the year with Related Parties :**

<b>S. No.</b>	<b>Name of Related Party</b>	<b>Nature of Transaction</b>	<b>Transaction Amount</b>	<b>Closing Balance</b>
1	KGN Projects Limited	Loans & Advances Returned (net)	89,694/-	23,21,306/-
2	KGN Enterprises Limited	Loans & Advances Returned (net)	4,70,71,860/-	19,28,95,120/-
3	KGN Properties Private Ltd	Loans & Advances Returned (net)	1,21,30,000/-	12,96,18,543/-
4	ArifMemon	Director Remuneration Loan Taken	22,50,000/- 4,80,84,036/-	4,80,84,036/-
5	Deepak Raval	Salary	15,91,984/-	

**28. Payment to Auditor**

<b>Payment to the Auditor</b>	<b>2012-2013</b>	<b>2011-2012</b>
d. For Statutory Audit	55,618	45,618
e. For Tax Audit	10,000	20,000
f. For Consulting Fees	6,000	36,000

**For Kirit & Company**  
Chartered Accountants

**For and on behalf of the Board of Directors**

Sd/-  
**Kirit Kumar**  
Proprietor  
Membership No. 038047  
(FRN : 132282 W)

Sd/-  
**Deepak Raval**  
Director & CS

Sd/-  
**Babulal Hirani**  
Director

Date : 23<sup>rd</sup> May, 2013  
Place : Ahmedabad

Date : 23-05-2013  
Place : Mumbai



## **SIGNIFICANT ACCOUNTING POLICIES :**

### **1. BASIS OF CONSOLIDATION:**

The Consolidated Financial Statements comprises of the Financial Statements of KGN Industries(the Holding Company) and its Subsidiary. The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 on “Consolidated Financial Statements”:

- i. The Financial Statements of the Holding Company and its Subsidiary Companies have been combined on a line by line basis adding together like items of Assets, Liabilities, Income and Expenses. The Intra-Group Balances, Intra-Group Transactions and Unrealized Profit and Losses thereon have been fully eliminated.
- ii. The Financial Statements of the Subsidiary used in the Consolidation are drawn up to the same reporting date as that of the Holding Company.
- iii. The excess value of the Consideration given over the Net Value of the Identifiable assets acquired in one of the Subsidiary Company is recognized as “Goodwill” and is not being amortized.

**The Subsidiary Company considered in the Consolidated Financial Statements are:**

<b>Subsidiary</b>	<b>Country of Incorporation</b>	<b>% of Voting Power as at 31<sup>st</sup>March 2013 (Including Beneficial Interest)</b>
KGN Projects Limited	India	99.99%

### **2. 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 results and estimates are recognized in the period in which the results are known / materialized.

### **3. FIXED ASSETS:**

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

### **4. 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.

**5. INVESTMENTS:**

The Non- Current Investments are stated at cost. Provision for diminution in the value of Investments is made only if; such a decline is other than temporary. In the opinion of the management. There are no diminution in the value of Investment.

**6. 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 realizable value whichever is lower.

There is no Inventories at the beginning as well as at the end of the year.

**7. PRELIMINARY EXPENDITURE:**

Preliminary Expenses is to be written off in equal installment over 5 years from the date of their incurrence.

**8. REVENUE RECOGNITION:**

All incomes and expenditure are accounted on accrual basis except where stated otherwise. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.

**9. TAXES ON INCOME:**

Provision for the current tax is made after taking into consideration benefit admissible under the provision of the Income Tax Act, 1961. Deferred Tax resulting from difference between depreciation as per Companies Act, 1956 and Income Tax Act, 1961. Deferred Tax Asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

**10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of the estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. There are no such liabilities during the year.

**11. BORROWING COSTS**

The Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready for its intended use. All other Borrowing Costs are charged to Profit & Loss Account.

There are no borrowing costs during the year.

**12. IMPAIRMENT OF ASSETS**

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 exist, an asset's recoverable is estimated. An Impairment loss is recognized whenever Carrying Amount of an assets exceeds its Recoverable Amount. An asset is treated as impaired when the carrying cost exceeds its recoverable value.

There is no Impairment of assets during the year.

**13. FOREIGN CURRENCY TRANSACTIONS:**

- I. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of 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 recognized 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 recognized as exchange difference.
- IV. In respect of hedging transactions, the premium/discount represented by difference between the exchange rate as the date of inception of the forward exchange contract and forward rate specified in the contract is amortized as expense or income over the life of the contract.

There are no Foreign Currency Transactions during the year.

**14. GENERAL ACCOUNTING POLICIES**

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

**For Kirit & Co.**

*Chartered AccountantS*

Sd/-

Kirit Kumar

*Proprietor*

M.No. 038047

FRN: 132282W

Date: 23<sup>rd</sup> May, 2013

Place : Ahmedabad

**For and on behalf of the Board of Directors**

Sd/-

**Deepak Raval**  
**Director & CS**

Sd/-

**Babulal J Hirani**  
**Director**

Date: 23<sup>rd</sup> May, 2013

Place : Mumbai

**DETAILS OF SUBSIDIARY COMPANY 2012-13**  
**Name of the Subsidiary :KGN Projects Limited**

<b>Financial Years Ends On 31<sup>st</sup> March, 2013</b>	<b>Amount in ₹</b>
Share Capital	10,00,000
Reserves	8,10,658
Borrowings	23,62,396
Other Liabilities	29,52,324
<b>Total Liabilities</b>	<b>71,25,378</b>
Cash & Cash Equivalents	69,971
Loans & Advances	60,00,000
Other Assets	10,55,407
<b>Total Assets</b>	<b>71,25,378</b>

Turnover	33,518
<b>Total Income</b>	<b>33,518</b>
Employee Benefit Expense	-
Depreciation And Amortisation Expense	8,729
Other Expense	20,564
<b>Total Expenses</b>	<b>29,293</b>
Profit before Taxation	4,225
Provision for Taxation	1,306
Profit After Taxation	2,919
Proposed Dividend	NIL
Basic (E.P.S.)	0.03
Diluted (E.P.S.)	0.03

**For and on Behalf of the Board of Directors**

**Sd/-**  
**Deepak Raval**  
**Director & Company Secretary**

**Sd/-**  
**Babulal J Hirani**  
**Director**

**KGNI INDUSTRIES LIMITED**

Registered Office: 23, Vaswani Mansion, 4<sup>th</sup> Floor, Dinshaw Vaccha Road,  
Churchgate, Mumbai-400 020.

**ATTENDANCE SLIP**

Member(s)/Proxy (ies) are requested to bring the Attendance Slip duly filled-in and signed at the Meeting and hand it over at the entrance of the Meeting hall.

**Folio No.:** \_\_\_\_\_

**DP/Client ID No.:** \_\_\_\_\_  
**Held.:** \_\_\_\_\_

**No of Shares**

I/We \_\_\_\_\_ hereby record my/our presence at the 19<sup>th</sup> Annual General Meeting of the Company held on Saturday, 28<sup>th</sup> day of September, 2013 at 11.00 a.m. at, Bombay YMCA, Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001.

\_\_\_\_\_  
Signature of the Member / Proxy

(To be signed at the time of handing over this slip)

**KGNI INDUSTRIES LIMITED**

Registered Office 23, Vaswani Mansion, 4<sup>th</sup> Floor, Dinshaw Vaccha Road,  
Churchgate, Mumbai-400 020.

**PROXY FORM**

Member(s)/Proxy (ies) are requested to bring the Attendance Slip duly filled-in and signed at the Meeting and hand it over at the entrance of the Meeting hall.

**Folio No.:** \_\_\_\_\_

**DP/Client ID No.:** \_\_\_\_\_

**No of Shares Held.:** \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of KGN Industries Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her, \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/ us on my/ our behalf at the 19<sup>th</sup> Annual General Meeting of the Company held on Saturday, 28<sup>th</sup> day of September, 2013 at 11.00 a.m. at, Bombay YMCA, Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Affix Revenue  
Stamp

**Notes:**

1. The proxy to be effective should be duly stamped, signed and deposited at the Registered Office of the Company at the address mentioned above at least 48 hours before the commencement of the aforesaid Meeting.
2. The Proxy need NOT be a member of the Company.

## BOOK POST

If undelivered, please return to :



Regd. Office :  
23, Vaswani Mansion, 4th Floor,  
Dinshaw Vaccha Road,  
Opp. K.C. College, Churchgate,  
Mumbai - 400 020.



# KGN Industries Limited

**Regd. Office :** 23, Vaswani Mansion, 4th Floor,

Dinsha Vachha Road, Opp. K.C. College,

Churchgate, Mumbai - 400 020.

Tel.: +91 22 6654 1100 - 04 ★ Fax : +91 22 6654 1111 / 21

Email : info@kgnindustries.com ★ URL : www.kgnindustries.com

## FORM A

1. NAME OF THE COMPANY : KGN INDUSTRIES LIMITED
2. ANNUAL FINANCIAL STATEMENT : 31<sup>ST</sup> MARCH, 2013  
FOR THE YEAR ENDED
3. TYPE OF AUDIT OBSERVATION : UNQUALIFIED
4. FREQUENCY OF OBSERVATION : NOT APPLICABLE

DEEPAK RAVAL

CEO

KIRIT KUMAR

AUDITOR OF THE COMPANY

AFTABAHMED KADRI

AUDIT COMMITTEE CHAIRMAN

