

## PROFILE

The company was operating the business line of software development from the date of its incorporation and had changed the line of business to trading of agro commodities. At present the company is into trading of agro commodities like castor oil, edible oils and non edible oils, Petroleum oils, lubricants and related products. The company has made considerable progress in this business venture and has managed to develop relations and networking in the business community to expand the business.

### FUTURE INITIATIVES



The Company is taking steps for entering into **Corporate farming** which is defined as a system for the production and supply of agricultural/horticultural produce under forward contracts between producers/suppliers and buyers. The essence of such an arrangement is the commitment of the producer/ seller to provide an agricultural commodity of a certain type, at a time and a price, and in the quantity required by a known and committed buyer. The main purpose of corporate farming will be to deal with study of environment, crops and the soil in which they grow. The work includes methods that will improve the use of soil and increase the production of castor seeds.

The Corporate farming section will undertake research activities in the following areas.

- Development of package of cultural practice.
- Developing and maintaining pool of foundation seed stock.
- Cropping / Farming System on farm trials for adoption of technologies.

Over and Above this, KGN Enterprises Limited intends to start **exporting** the various products of the Company to countries like USA, Malaysia, Indonesia and other African Countries in the upcoming financial years. In order to meet future planning, the management of the Company intends to enhance the production capacity. The Company has already acquired land situated at Dist. Kheda as part of its **Expansion Program**.

Further the Company plans to join AIM, the London Stock Exchange's international market for smaller growing companies having a large, diverse and committed community of stakeholders, made up of various market participants. AIM is renowned worldwide for having a regulatory framework and approach uniquely suited to smaller companies.


## *VISION*

**‘A vision is not just a picture of what could be; it is an appeal to our better selves, a call to become something more.’**

	<ul style="list-style-type: none"> <li>● Acquisition of manufacturing agro based unit connected with oil seeds and edibles.</li> <li>● Execution of technology transfer through well-trained extension personnel.</li> <li>● Understanding the requirements of customers and develop derivatives accordingly.</li> <li>● Company intends to develop an R &amp; D Department of its own. Providing technical and logistic support to clientele.</li> <li>● Avoiding intermediary distributors’ layers and nourishing relationships with the end users in this advanced market.</li> <li>● Our objective is to give our clients the best value for their money, while not compromising the quality of our service.</li> </ul>
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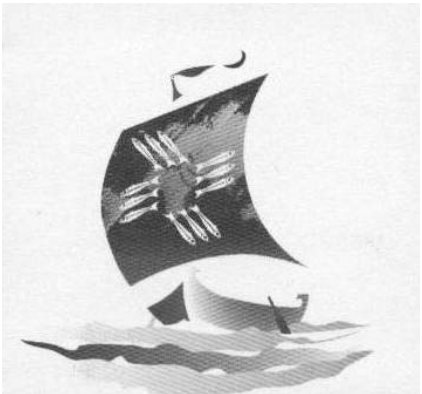
## *MISSION*

**‘To find your mission in life is to discover the intersection between your heart’s deep gladness and the world’s deep hunger.’**

<ul style="list-style-type: none"> <li>● Our goal is to extend the highest standards of honesty, integrity, and quality.</li> <li>● KGN Enterprises Limited aims to enter and be a global leader in the castor oil and derivative business.</li> <li>● Focusing on real people, real life and real results.</li> <li>● Building and maintaining confidence in the company.</li> <li>● Carefully and consciously extending the corporate branding and identity.</li> </ul>	
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## *CORPORATE OBJECTIVE*

**”Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”**

	<ul style="list-style-type: none"> <li>● Company intends to enlist with AIM, the London Stock Exchange’s international market for smaller growing companies.</li> <li>● Start exporting various products of the Company to the foreign market and for that improve the production capacity for the Company.</li> <li>● Company plans to enter into the field of Corporate Farming and shall acquire technical guidance from an Institute based at Hyderabad and with the support of the State Government.</li> <li>● Taking over <u>Sailani Agro-Tech Limited</u>, a castor manufacturing unit based located at Kheda, for expansion of the Business.</li> <li>● Trying to be more customer- and shareholder-centric.</li> </ul>
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## *CHAIRPERSON'S ADDRESS*

### CHAIRPERSON'S ADDRESS TO 16<sup>TH</sup> ANNUAL GENERAL MEETING

**Ladies and Gentlemen,**

Good Morning. It gives me much pleasure to welcome you to the 16<sup>th</sup> Annual General Meeting of your Company. We thank you for your presence at the meeting today. Financial performance constitutes the lifeblood of a corporate enterprise. Therefore, let me start with first things first, by accounting to you financial performance, towards seeking your support as willing investors. As in the past, I am appending the financial performance to date since the time you, the shareholders, placed me at the helm of affairs of your Company.

I want to announce here that from now on innovations will be the major strategic shift and a major drive for KGN Enterprise. And to make this happen, your Company is planning to expand the business and working over various projects for the same.

The Company wishes to enter into Corporate Farming, the business of agriculture, specifically, what is seen by some as the practices of would-be mega corporations involved in food production on a very large scale. It is a modern food industry issue, and encompasses not only the farm itself, but also the entire chain of agriculture-related business, including seed supply, agrichemicals, food processing, machinery, storage, transport, distribution, marketing, advertising, and retail sales. The term also includes the influence of these companies on education, research and public policy, through their educational funding and government lobbying efforts. Company's ultimate goal of corporate farming is to vertically integrate the entire process of food production, from the development of proprietary strains of DNA through to the distribution and sale of food to consumers. Since last few years the company has been monitoring and evaluating the developments and progress of contract farming in the country. Now after considerable research, the company intends to foray into the business of contract farming. Corporate farming is looked upon as a tripartite relationship among farmers, and the company and the end user for production and supply of agricultural products.

The company proposes to take over Sailani Agro-Tech Industries Ltd, a castor oil manufacturing unit with a crushing capacity of 400 mt per day located at Kheda, Gujarat. The company will enhance the plant capacity upto 800 mt per day after acquiring the unit. It may be mentioned here that while considering the plant size, the Company will also give due consideration to factors like its managing department, infrastructures, additional manpower planning etc.

For accomplishment of above mentioned projects, your Company needs further monetary funds and working capital and also needs to strengthen the financial capacity of the Company for which we have considered factors like Foreign Depository Receipts (FDR), Global Depository Receipts (GDR) and Foreign IPOs also. Your Company is also planning for joining AIM which is the London Stock Exchange's international market for smaller growing companies. Company is looking forward for joining AIM to raise the fund, both through initial public offerings (IPOs) and further capital raisings.

It has been a rare privilege to be part of a mission that forges unity amidst diversity - between the unique competitive agendas of businesses and the larger corporate purpose and identity; between the imperatives of the present and that of the future; between the needs of the shareholder and that of society. In the ultimate analysis, the capacity of your Company's human resources makes the decisive difference in creating sustainable growth.

The progress outlined by me today reflects their Conviction in the larger cause which serves to inspire; their Commitment which infuses their endeavor with zeal; their Courage to follow a path less trodden and go the extra mile; their Creativity to continuously redefine the limits of possibility; and their Capability for world-class execution. On their behalf, I seek your continued support to pursue the journey with renewed dedication and vigor.

Thank you for your attention. And with your permission we shall start with today's Agenda.

**Place: Ahmedabad**

**Date: 20<sup>th</sup> August, 2010**

**Best Regards,**

**Sd/-**

**BABULAL J. HIRANI**

## **KGN ENTERPRISES LIMITED**

Registered Office :- 401, Shriniwas Building, 382-384,  
Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra - 400009.

### **Board of Directors :**

<b>Shri Babulal Jethalal Hirani</b>	Chairman and Managing Director w.e.f. 24.12.2008
<b>Shri Aftab Ahmed I. Kadri</b>	Director
<b>Shri Lt. Col. Haji Umar Sheikh</b>	Director upto 19.07.2010
<b>Shri Ravi P. Thakur</b>	Director w.e.f. 10.06.2010 & upto 31.07.2010
<b>Shri Ismail Memon</b>	Director w.e.f. 31.07.2010

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

- (1) **STATE BANK OF INDIA**, Navarangpura Ahmedabad
- (2) **HDFC BANK LIMITED**, Paldi, Ahmedabad
- (3) **AXIS BANK LIMITED**, Law Garden, Ahmedabad
- (4) **BANK OF BARODA**, Ashram Road, Ahmedabad
- (5) **ORIENTAL BANK OF COMMERCE**, Ashram Road, Ahmedabad

### **Auditors :**

**M/s Kiritkumar & Co.**  
Chartered Accountants,  
Ahmedabad

### **Registrar and Share Transfer Agent :**

**Link Intime India Private Limited**  
211, Sudarshan Complex, Near Mithakhali Under Bridge,  
Navrangpura, Ahmedabad-380009.  
Telfax.: 079-26465179 Email : ahmedabad@linkintime.co.in

## **SIXTEENTH ANNUAL GENERAL MEETING PROGRAMME**

**DATE : 27<sup>TH</sup> SEPTEMBER, 2010**  
**DAY : MONDAY**  
**TIME : 11.00 A.M.**  
**VENUE : 401, SHRINIWAS BUILDING**  
**382-384, NARSHI NATHA STREET,**  
**KATHA BAZAR, MUMBAI-400009, MAHARASHTRA**

### **NOTE TO SHAREHOLDERS :**

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies in the meeting.

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**NOTICE**

**NOTICE** is hereby given to the Members of **KGN ENTERPRISES LIMITED** that the **16<sup>TH</sup> ANNUAL GENERAL MEETING** of the Members of the Company will be held on Monday, the 27<sup>th</sup> September, 2010 at 11.00 A.M. at the Registered Office of the Company at 401, Shrinivas Building, 382 – 384, Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra-400009 to transact the following business :

**ORDINARY BUSINESS :**

1. To Receive, consider, approve and adopt the Audited Statement of Accounts i.e. the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 the Profit and Loss Account for the year ended on that date, the report of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Babulal Jethalal Hirani, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Kiritkumar & Co., Chartered Accountants, as statutory Auditors of the Company for the financial year 2010-11 and to fix their remuneration.

**SPECIAL BUSINESS :**

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

“**RESOLVED THAT** Shri Ismail Memon who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 31<sup>st</sup> July, 2010 under Section 260 of the Companies Act, 1956 and who holds office up to the date of the forthcoming Annual General Meeting, being eligible for reappointment and in respect of whom the Company has received a notice in writing together with requisite deposit under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company.”

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

“**RESOLVED THAT** pursuant to provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include a committee which the Board may constitute for this purpose) to borrow such sum or sums of money in any manner from time to time, as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as they may think fit, which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) at any time shall not exceed a sum of Rs. 100 Crores (Rupees Hundred Crores) over and above the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

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

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

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

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

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



“**RESOLVED THAT** pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company be and is hereby authorised to invest in securities of any other bodies corporate by way of subscription/purchase or otherwise and/or place inter corporate deposits with and/or make loan or any other form of debt to and/or give guarantee in connection with loan(s) given by any other person(s) to other bodies corporate upto a sum of Rs.100 Crores (Rupees Hundred Crores ) ( not withstanding that the aggregate amount of loans and investments made in so far or to be made and the guarantees given or to be given to all bodies corporate, exceeds the limit laid down in the act.”

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

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

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

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

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

“**RESOLVED THAT** to the provisions of Section 80, 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed and in accordance with the guidelines issued by the Government of India (GOI), Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and/or any other competent authorities and clarifications thereof issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and subject to such approvals, permissions, consents and sanctions as may be necessary from the GOI, RBI, SEBI and/or any other competent authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company ((hereinafter referred to as the Board’ which expression shall include any Committee constituted for the time being, thereof), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranches, outside India, with or without premium, denominated in any foreign currency, such number of Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or optionally / compulsorily convertible/ redeemable Foreign Currency Convertible Bonds (FCCBs) in the nature of shares and/or warrants, naked or otherwise, convertible into shares or otherwise, either in registered or bearer forms and/or any such security convertible into equity shares with face value of Rs. 10/- each or otherwise (hereinafter referred to as ‘financial instruments’) or any combination of the financial instruments, in the international market aggregating to an amount not exceeding US \$ 100 Million, the existing promoters and/

or its associates or nominees or group companies or person acting in concert whether or not they are members of the Company, on preferential offer basis, to the extent and in the manner as may be decided by the Board in this behalf.”

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

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

“**RESOLVED FURTHER THAT:**

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

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED**

**Sd/-**

**(BABULAL J. HIRANI)**

**Chairman & Managing Director**

**Date : 20/08/2010**

**Place : Mumbai**

**NOTES :**

1. A Member entitled to Attend and vote at the meeting is also entitled to appoint a Proxy to attend and vote instead of himself and on behalf of him and that a Proxy need not be a member of the company.  
Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the company not less than forty eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September, 2010 to 27<sup>th</sup> September, 2010 (both days inclusive) as per the provisions of Section 154 of the Companies Act, 1956.
3. 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.
4. All correspondence relating to Change of Address & Shares of the Company may please be addressed to the Company's Registrar and Share Transfer Agents M/s. Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Ltd) at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Ahmedabad- 380009.
5. Members seeking further information about the Accounts and/or Operations of the Company, are requested to send their queries to the Company at its Registered Office at least TEN days before the date of the Meeting.



**ANNEXURE TO NOTICE**

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

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

**ITEM NO. 5**

The Board of Directors had appointed Mr. Ismail Memon as Additional Director of the Company with effect from 31<sup>st</sup> July, 2010 to hold the office upto the date of Annual General Meeting.

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

The Board of Directors recommends his appointment as Director.

None of the Director except Mr. Ismail Memon is in any way concerned or interested in the said Resolution.

**ITEM NO. 6**

The members of the Company has at its meeting held on 20<sup>TH</sup> August, 2010, authorized the Board to borrow upto an amount of Rs.100 Crores (Rupees Hundred Crores ) in excess of the aggregate paid up capital and free reserves of the Company.

To facilitate future business expansion and to provide resources to meet additional fund requirements for the growing operations of the Company, it is proposed to enhance the present borrowing limits. Approval of the members is therefore sought pursuant to Section 293(1)(d) of the Companies Act, 1956, to increase the borrowing limits to Rs. 100 Crores (Rupees Hundred Crores ) over and above the paid up capital and free reserves of the Company and to authorise the Board of Directors accordingly.

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

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

**ITEM NO. 7**

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

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

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

**ITEM NO. 8**

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

It is proposed that the Board of Directors be authorised to invest an amount up to Rs.100 Crores (Rupees Hundred Crores ) by way of subscription/purchase or grant of loan or giving guarantee(s), providing securities from time to time in one or more tranches.

As per the provisions of Section 372A of the Companies Act, 1956 the Board has power for the above

transaction only upto the limit of sixty percent of paid up capital and free reserves or hundred percent of its free reserves.

Accordingly approval of the members by special resolution is sought to have an enabling authority to take or provide loans/securities/guarantee to secure these loans or invest in other companies/ joint ventures/ firms in India and abroad up to Rs. 100 Crores (Rupees Hundred Crores ) , over and above the limits prescribed under Section 372A of the Companies Act, 1956 from time to time.

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

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

**ITEM NO. 9**

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

The Board of Directors of the Company at its meeting held on 20<sup>th</sup> August, 2010, inter alia, proposed, subject to the approval of Members by way of a special resolution, for investments by Foreign Institutional investors including their sub-accounts (hereinafter referred to as "the FIIs") upto 74 per cent of the paid up Equity Capital or paid-up value of the respective series of the convertible Debentures of the Company.

The resolution set out at Item No. 9 of the accompanying Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorized dealers within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India. The Board of Directors accordingly recommend the resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members.

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

**ITEM NO. 10**

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

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

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

Section 81 of the Companies Act, 1956, and as per the Listing Agreement executed by the company with various

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stock exchanges, provides inter alia where it is proposed to increase Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the existing equity shareholders in proportion to the capital paid up on those shares as of that date unless the shareholders in General Meeting decide otherwise.

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

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

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

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED**

Sd/-

**(BABULAL J. HIRANI)**

**Chairman & Managing Director**

**Date : 20/08/2010**

**Place : Mumbai**

### ANNEXURE FORMING PART OF AGM NOTICE

**DETAILS OF DIRECTORS WHO ARE PROPOSED TO BE RE - APPOINTED/ APPOINTED PURSUANT TO PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT ARE GIVEN BELOW :**

Name of director	Shri Babulal Jethalal Hirani
Date of Birth	23.11.1945
Date of initial appointment	24.12.2008
Qualification	B.A.
Expertise in specific functional area	Banking Sector
No. of shares held in the company	Nil
List of other companies in which holds Directorship as on 31.03.2010	1
Chairmanship/ membership of committee of Director of the company	3
Chairmanship/ membership of committee of Director of other company	1

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED**

Sd/-

**(BABULAL J. HIRANI)**

**Chairman & Managing Director**

**Date : 20/08/2010**

**Place : Mumbai**

## DIRECTORS' REPORT

To,  
The Members,  
**KGN ENTERPRISES LIMITED**  
Maharashtra

Dear Shareholders, Your Directors are pleased to present the 16<sup>th</sup> Annual Report together with Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS :

During the year under review the Financial performance of the Company is as under :-

*(Amount In Lacs)*

Particulars	For the Year ended on 31/03/2010	For the Year ended on 31/03/2009
Total Income	17501.20	5111.92
Total Expenses	16999.82	4983.55
Profit before depreciation & tax	501.37	128.37
Provision for Depreciation	225.79	33.08
Profit before tax	275.58	95.29
Provision for Tax	52.13	0.19
Net profit for the Year	223.45	95.10
Add : Balance B/F from previous year	206.69	112.02
Deferred tax liabilities	(23.48)	(9.15)
Proposed dividend on Equity Shares	10.23	8.19
Dividend Tax	1.74	1.39
Balance carried to Balance sheet	441.64	94.67
Basic Earning per share (in Rupees)	1.09	0.43

### DIVIDEND :

So as to ensure that the shareholders of the Company get stable return on their investment and also to ensure dividend payment track record of the Company and considering the amount of profit available for appropriation, your Directors have recommended to maintain the payment of Dividend @ 0.05 per Equity Share for the financial year 2009-2010. On its approval and payment, aggregate cash out flow would be Rs.11.97 Lacs including tax on dividend of Rs.1.74 Lacs. If approved at the Annual General Meeting will be paid to all eligible shareholders within the time limits prescribed.

### YEAR UNDER REVIEW :

During the year under review the Company has earned a Gross Income of Rs.17501.20 Lacs against Rs.5111.92 Lacs in the Previous Year. After deducting all the administrative expenses and depreciation, the Company has earned net profit after tax of Rs .223.45 Lacs (Previous year Rs.95.10 Lacs)

### SHIFTING OF REGISTERRED OFFICE :

During the year under review the Registered Office of the company has been shifted from the Block No 315, 316/1, 318, Kheda-Dholka Highway, Village Hariyala, Taluka- Matar, Dist. Kheda in State of Gujarat to State of Maharashtra 401, Shrinivas Building, 382-384, Narshi Natha Street, Katha Bazar, Mumbai- 400009 w.e.f.23.03.2010.

### FUTURE PROSPECTS :

The Board has also pleasure informing that the Company is also proposing to form its foreign subsidiary company for entering into the contract farming, castor oil & by products of castor oil or other derivatives related to castor oil, Lubricants and other business activities in other countries in the near future.

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

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT :**

Necessary measures have been taken to comply with the requirements of the Listing Agreements with the Stock Exchanges where the Company's Shares are listed. The report on Corporate Governance is included as a part of Directors Report. A report on Corporate Governance as stated above, along with a certificate of compliance from the Auditors, forms part of this Annual Report. Management Discussion and Analysis Report has been enclosed herewith as per Annexure "A" and forming part of the Directors' Report.

### **ENVIRONMENT PROTECTION :**

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

### **INSURANCE AND PROTECTION OF ASSETS :**

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

### **DEPOSITS :**

During the year under review your company has neither invited nor accepted any public deposit or deposits from the public as defined under Section 58A of the Companies Act, 1956. The Deposits any accepted from the Directors are exempt as per the provisions of Section 58A of the Companies Act, 1956.

### **DIRECTORS :**

Shri Babulal Jethalal Hirani, Director of the Company is liable to retire by rotation at the ensuing annual General meeting and being eligible offers himself for reappointment. Your Directors recommend his reappointment.

During the Year under review, Shri Ismail Memon has been appointed as Additional Director of the Company w.e.f., 31<sup>st</sup> July, 2010.

Shri Ravi Prakash Thakur has been appointed as Director of the Company w.e.f., 10<sup>th</sup> June, 2010 and then he resigned from the office of the Board of Directors of the Company w.e.f., 31<sup>st</sup> July, 2010. Shri Lt. Col. Haji Umar Sheikh, Director of the Company have resigned from the office of the Board of Directors of the Company, w.e.f. 19<sup>th</sup> July, 2010. The Board express their gratitude towards the services rendered by them during the tenure of their service.

### **"CODE OF CONDUCT**

The Board has laid down a code of conduct for all Board members and Senior Management personnel of the Company. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

### **DIRECTORS RESPONSIBILITY STATEMENT :**

**Pursuant to Section 217(2AA) of Companies Act, 1956, it is hereby confirm :**

- (a) that in the preparation of the annual accounts financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed and there is no material departures from the same;
- (b) that 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 true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- (c) that 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;
- (d) that the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2010 on 'a going concern' basis.

### **STATUTORY AUDITORS :**

M/s Kiritkumar & Co., Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting and are eligible

## 16th AUDITED ANNUAL REPORT FOR THE YEAR 2009-10



for reappointment. The Company has received a certificate from them that their appointment if approved by the shareholders would be within the ceiling prescribed under section 224(1B) of the Companies Act, 1956. The members are requested to appoint auditors to hold office until the conclusion of the next Annual General Meeting of the Company.

### **INTERNAL AUDIT :**

As suggested by the Statutory Auditors of the Company and looking to the increased financial involvement in the business activities of the Company, the Board is considering appointing independent Chartered Accountant as the internal Auditors of the Company, in the next financial year. However, currently internal audit is being conducted in-house under control of Audit Committee.

### **AUDITORS OBSERVATION :**

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

### **EMPLOYEES :**

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, and hence the information is not given.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS/OUTGO :**

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, are not applicable to the Company and hence not given.

### **MATERIAL CHANGES :**

Except the information given in this report there are no material changes that have taken place after the completion of financial year and up to the date of this report which may have substantial effect on business and finances of the company.

### **APPRECIATION :**

Your Directors express their gratitude to the continuous support of the Financial Institutions, Banks, Central and State Governments, Office of the Industries Commissioner, valued Customers and devoted workers for their continuous contribution to the growth and progress of Company. The Directors also take this opportunity to thank the shareholders for the confidence reposed in the management.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED**

**Sd/-**

**(BABULAL J. HIRANI)**

**Chairman & Managing Director**

**Date : 20/08/2010**

**Place : Mumbai**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of Listing Agreement, a Management Discussion & Analysis report is given below :-

India's economy for the past 5 fiscal years has managed to sustain an average growth rate of 10%. The Industrial and service sectors have been the major contributor of this growth, signifying the structural transformation in the Indian economy from agricultural to industrial economy.

### PRESENT BUSINESS :

At present the company is engaged into trading of agro commodities like castor oil, edible oils and non edible oils, Petroleum oils, lubricants and related products. The company has made considerable progress in the new business venture and has managed to develop relations and networking in the business community to expand the business.

### FUTURE OUTLOOK :

The company mainly focuses to foray into the Agro business sector. It plans to purchase land for corporate farming, agro farming and plantation of special crops required in the manufacturing of biofuels. It will take up research and development in the field of Agriculture and come up with a Agro complex further extending into a Special Economic Zone. The company envisages setting up manufacturing units for biofuels, bio diesel, ethanol and butanol. Government of India has already permitted blending of ethanol with petrol & diesel. This will increase the demand and future prospects of bio fuels in India.

The company also plans to enter into the other sectors of Bio-technology and adopt the latest technologies in the field. The company will set up overseas branches to develop its trading business at the global level.

The Board has pleasure in informing that the company has formed following subsidiary company for the following plans & formed these subsidiaries for following purpose.

### **KGN BIOTECH LIMITED** has incorporated W.E.F. – 06/04/10

Company with a view of tapping the development of various derivatives manufactured out of the main raw material viz castor oil and the derivatives of castor oil will be manufactured by making value additions at different stages, Since the promoters have wide experience in the field of castor and castor oil industry, the timely availability of raw materials, technically sound manpower and effective use of the technology are the key factors which will contribute to the successful and faster implementation of the project.

As regards marketing aspect is concerned the marketing or sale is not a limiting factor for the project since the final products i.e. derivatives find applications in various industrial application like cosmetics, ayurvedic, medical, paint industry etc. since India is the major producer of the castor seeds, the competition in the international market is not challenging or tough. In fact the unit will get its market in the international market since the use of the derivatives in the international market by the manufacturers in the world market has the positive advantage from the marketing point of view.

This is one of the main reasons why the promoters have decided to set up the unit as a 100% EOU. Since the main focus is on the international market, setting up a unit as a 100% EOU will help reduce the transaction cost and will also help in cutting down the cost in terms of speedy movement of the export goods due to the unit's EOU status. This will further reduce the transaction cost for the unit to be able to achieve higher levels of efficiencies and economy of scales.

India, today, holds a small share of the global biotech market, but has all the capabilities to become a dominant player. The consumption of biotech products in India is expected to quadruple in the next decade. Therefore company has a vision to envisage in biotechnology field also. Company has a vision to emerge in Medical Biotech segment as well as in Agri Biotech segment. Company is into process of developing pharmaceutical plant as well as into derivatives. Company with its rich resources, expertise and manpower will try to achieve its goal.

Common Advantage: As government is into encouraging organic farming, green technology as well as biotechnology will add up to companies advantage in terms of monetary as well as non-monetary gains.

### **KGN GREEN LIMITED** has incorporated W.E.F – 22/06/2010

Company with a view of tapping the upcoming opportunity in organic products has a vision to expertise in the sector of organic farming as well as will also focus on backward integration to lower the cost of castor seeds production to give value proposition to its customer base. Organic products stand out as having higher levels of secondary plant compounds and vitamin C, having more nutritional value containing flavonoids, an important antioxidant. Organic products

having such features has immense growth in India as well as in international market as people are becoming health conscious and thus company can take the advantage of the same. As organic farming is strongest in international markets like North America, Europe, Africa, Australia, Latin America, Argentina, China, Brazil, Spain, Germany and UK company will envisage to go for land acquisition as well as farming in international markets. The decreased cost synthetic fertilizer and pesticides inputs in organic farming will increase profitability

**KGN PROTEIN LIMITED** has incorporated W.E.F - 02/08/2010

Looking at the dynamic industry scenario, KGN enterprises holds a vision to diversify its portfolio of products by establishing various plants for the production of soya oil, palm oil and edible oil. As the market outlook for this products is expanding and having a great opportunity in the future, company has the vision to explore market for these products and wants to be market leader in the same

**COMPANY'S ACTION PLAN :**

The company will tap its existing resources. It will utilize the benefits and subsidy available to the Agro and bio technology sector by the government. The company will Mmake acquisitions and tie ups with existing companies and also set up new manufacturing facilities. It will also bring in foreign partners for technologies know how.

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

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

The company is also exploring the much thrust area of Exports.

**FINANCIAL REVIEW :**

Company's sales for the financial year 2009-2010 is Rs.5111.92 Lacs. The net profit for the financial year under review is ' Rs.94.67 Lacs. The sales and profitability has been less compared to sales and profitability of previous year due to trend in the recessionary economy worldwide. However, due to efficient and powerful business strategies, the company would survive the global recession and retain its market share.

**INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :**

The company has reasonable Internal Control System to safeguard all assets of the Company and defects, frauds or irregularities, if any. The internal control system commensurate with the size and nature of the business. The internal control system also ensures protection of assets of the company as well as overall productivity of its operations.

The internal audit programme is finalized in consultation with the audit committee of the Board. The Audit committee of the Board meets periodically to review various aspects of the performance of the company and also review various aspects of the performance of the company and also review the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time.

**INDUSTRIAL RELATIONS AND HUMAN RESOURCE :**

The industrial relations through out the year continued to remain cordial.

**CAUTIONARY STATEMENT :**

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable securities laws and regulations. The actual results may differ from those expected depending upon the economic conditions, changes in Govt. Regulations, and amendments in tax laws and other internal and external factors.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED**

Sd/-

**(BABULAL J. HIRANI)**

**Chairman & Managing Director**

**Date :** 20/08/2010

**Place :** Mumbai

**REPORT ON CORPORATE GOVERNANCE**

**REPORT ON CORPORATE GOVERNANCE :**

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

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

**2. BOARD OF DIRECTORS :**

**(a) Composition of Board :**

The Present Board of Directors is chaired by Shri Babulal Hirani who is a Managing Director. Shri Babulal Hirani has been appointed as Managing Director to look after the day to day affairs of the Company. He is acting as Executive Director. All other directors are Non Executive Directors. None of the directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees including KGN Enterprises Limited.

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

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

29<sup>th</sup> April, 2009, 12<sup>th</sup> June, 2009, 8<sup>th</sup> July, 2009, 30<sup>th</sup> July, 2009, 30<sup>th</sup> October, 2009, 30<sup>th</sup> January, 2010 and 26<sup>th</sup> March, 2010.

Sr. No.	Name of the Directors	Category	Attendance For F.Y. Ended		Other Directorship	No. of Committee Position held in the Company as on 31-03-2010 as a	
			(BMs)	(AGM)		(Chairman)	(Member)
1	Shri Babulal Hirani	M.D/E	6	Yes	6	Nil	3
2	Shri Aftab Ahmed I. Kadri	IND-NE	6	Yes	5	3	Nil
3	Shri Lt. Col. Haji Umar Sheikh **	I-NE	6	No	Nil	Nil	Nil
4	Shri Ravi P. Thakur ***	I-NE	Nil	No	Nil	Nil	Nil
5	Shri Ismail Memon *	Promoter-NE	Nil	Yes	Nil	Nil	3

\* w.e.f. 31.07.2010, \*\*upto 19.07.2010, \*\*\* w.e.f., 10.06.2010 and upto 31.07.2010.

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

**3. AUDIT COMMITTEE :**

**(a) COMPOSITION OF COMMITTEE :**

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

**Audit Committee consist followings members:**

Sr. No.	Name	Position	No.of Committee Meetings held	Attendance at committee meetings
1	Shri Aftab Ahmed I. Kadri	Chairman	5	5
2	Shri Babulal J. Hirani	Member	5	5
3	Shri Ismail Memon	Member*	5	4
4	Shri Ravi P. thakur	Member***	5	Nil
5	Shri Lt. Col. Haji Umar Sheikh	Member**	5	1

\* w.e.f. 31.07.2010, \*\* up to 19.07.2010, \*\*\* w.e.f. 19.07.2010 and upto 31.07.2010

**(b) TERMS OF REFERENCE :**

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

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

**4. REMUNERATION COMMITTEE :**

It is formed as follow :

Sr. No.	Name	Position
1.	Shri Aftab Ahmed I. Kadri	Chairman
2.	Shri Babulal J. Hirani	Member
3.	Shri Ismail Memon	Member

**5. SHARE TRANSFER AND INVESTOR'S GRIEVANCE COMMITTEE :**

Your Company had constituted a Committee known as Share Transfer & Investors Grievance Committee. The Committee looks into the investors Grievances and to redress the same as early as possible. The Committee approves requests for issue of duplicate share certificate, new certificate, transfer and transmission of shares.

The Committee consists three Members, all being Non-executive. Shri Aftab Ahmed I. Kadri is a Chairman of the Committee. Other two members are Shri Babulal J. Hirani and Shri Ismail Memon.

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

The Committee has also appointed M/S. Umesh Ved & Associates, Company Secretaries, Ahmedabad to look after the legal cases and problems relating to the investors, shares etc.

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 Company's shares were not traded on the stock exchanges of Ahmedabad and Vadodara during the year.

**GENERAL BODY MEETING :**

Location and time of last three Annual General Meetings (AGM) as under :

**(a) DETAILS OF ANNUAL GENERAL MEETINGS HELD DURING THE LAST 3 FINANCIAL YEARS :**

Year	Location	Date	Day	Time	No. of Special Resolution
2006-2007	16/121, Jalaram Apartment, Gujarat Housing Board, Opp. Police Line Akota Road, Vadodara.	28.09.07	Friday	9.30 A.M.	3
2007-2008	16/121, Jalaram Apartment, Gujarat Housing Board, Opp. Police Line Akota Road, Vadodara.	19.09.08	Friday	11.00 A.M	2
2008-09	Block : 315, 316/1, 318, Village : Hariyala, Kheda : 387 411	29.09.09	Tuesday	11.00 A.M	1

**b. POSTAL BALLOT :**

The Company has not put resolution for postal ballot in previous Annual General Meeting. In ensuing Annual General Meeting there is no business requiring postal ballot.

**c. DETAILS OF EXTRA ORDINARY GENERAL MEETINGS HELD DURING THE FINANCIAL YEAR ;**

Company held one Extra-Ordinary General Meeting on 26<sup>th</sup> March, 2010 at 11.00 A.M. at 315, 316/1, 318, Village : Hariyala, Ta & Dist : Kheda – 387411 for the following purpose :

1. Shifting of registered office of the Company from Block – 315, 316/1, 318, Village : Hariyala, Ta & Dist : Kheda – 387411 to 401, Shriniwas Building, 382-384, Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra – 400 009.

**7. DISCLOSURES :**

During the year there were no transactions of material nature with its promoters, the directors and the management, subsidiaries or relatives, etc. which 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 three years.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement entered into with the Vadodara Stock Exchange Limited, Vadodara and the Ahmedabad Stock Exchange Limited, Ahmedabad.

**WHISTLE BLOWER POLICY :**

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

**8. GENERAL SHAREHOLDERS INFORMATION :**

**A. MEANS OF COMMUNICATION :**

The quarterly results are published in the News Paper Western Times (Gujarati & English) on completion of each quarter and same are being submitted to the Ahmedabad Stock Exchange Ltd. and Vadodara Stock Exchange Ltd. where the shares are listed.

**B. INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD :**

The company has established the Management Information System whereby each and every Functional department is providing their performance reports and any type, nature, description of problems to their Functional heads. The functional heads have autonomy for solutions of problems and HRD problems or functional problems at their own level. Any problems requiring policy decisions are being intimated to Audit Committee for solution or amendments in the policy and procedure. The progress report are being regularly on monthly basis intimated to the Audit Committee through the Financial Officer of the company who in turn the put the same to the Audit Committee meetings. All the investors grievances or share department related quarries are addressed to the Compliance Officer who in turn put the same to the Investors Grievance Committee.

**C. INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD :**

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

**D. INFORMATION SYSTEM BETWEEN THE COMPANY AND THE INVESTORS :**

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

**E. STATUTORY COMPLIANCES MADE AND RETURNS ETC. FILED :**

The company has duly complied with the provisions of the Companies Act, 1956 and all the provisions of the Listing Agreement. The company has also filed various unaudited financial results, balance sheets, income







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J. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2010.

GROUP OF SHARES	NO OF SHAREHOLDERS	NO. OF SHARES HELD	SHARES AMOUNT (IN `)
UPTO 5000	2498	645800	6458000
5001 10000	117	93600	936000
10001 20000	38	69200	692000
20001 30000	2	5000	50000
30001 40000	Nil	Nil	Nil
40001 50000	3	102000	1020000
50001 100000	2	35000	350000
100000 AND ABOVE	6	19519400	195194000
<b>TOTAL</b>	<b>2666</b>	<b>20470000</b>	<b>204700000</b>

K. SHAREHOLDING PATTERN AS ON: 31<sup>ST</sup> MARCH, 2010.

SR. NO.	PARTICULARS	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1	Indian Public	9518200	46.50%
2	NRIs/OCBs	Nil	Nil
3	Mutual Funds and UTI	Nil	Nil
4	Bank, Financial Institutions Insurance Companies, (Central Institutions)	Nil	Nil
5	Private Corporate Bodies	Nil	Nil
6	Indian Promoters:	10951800	53.50%
7	Forfeiture of shares	30000	0.15%
	<b>Total</b>	<b>20500000</b>	<b>100%</b>

BY ORDER OF THE BOARD OF DIRECTORS OF  
KGN ENTERPRISES LIMITED

Sd/-

(BABULAL J. HIRANI)

Chairman & Managing Director

Date : 20/08/2010

Place : Mumbai

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

To  
The Members of  
**KGN ENTERPRISES LIMITEDS LIMITED,**  
Mumbai.

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

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

The above report was adopted by the Board at their meeting held on 1<sup>st</sup> September, 2010.

**FOR AND ONBEHALF OF BOARD OF DIRECTORS  
KGN ENTERPRISES LIMITED**

Sd/-

**Date :** 20/08/2010  
**Place :** Mumbai

**SHRI BABULAL HIRANI  
Chairman & Managing Director**

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

**“D E C L A R A T I O N”**

Annual Declaration by Chief Executive Officer (CEO) /Chairman / Managing Director (MD) pursuant to Clause 49(i)(d)(ii) of the Listing Agreement.

As the Chief Executive Officer (CEO) /Chairman / Managing Director (MD) of KGN ENTERPRISES LIMITED as provided under Clause 49 **(i)(d)(ii)** of the Listing Agreement, I hereby declare that all the Board members and Senior Management personnel of the company have confirmed compliance with the code of conduct for the financial year ended 31 March 2010.

**Date :** 20/08/2010  
**Place :** Mumbai

Sd/-  
**(Babulal Hirani)  
Managing Director**

**CERTIFICATE**

To  
The Members  
**KGN Enterprises 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 Enterprises Limited for the year ended 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

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

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

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

**FOR KIRITKUMAR & CO.  
CHARTERED ACCOUNTANTS**

Sd/-

**PROPRIETOR**

**M. No. 38047**

**Date** : 20/08/2010

**Place** : Mumbai

**AUDITORS' REPORT**

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

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

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

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

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

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

**For, KIRITKUMAR & CO.**  
**Chartered Accountants**  
Sd/-  
**Proprietor**  
**M. No. 38047**  
**20<sup>st</sup> August, 2010**

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification by the management.  
(c) In our opinion, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the company are not affected.
2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with a size of a company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public, within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of business.
8. We are informed that the company is not required to maintain cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 having regard to the nature of the business of the Company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payables in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date of they became payable.  
(c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.

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

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

Sd/-

**Proprietor**

**M. No. 38047**

**20<sup>st</sup> August, 2010**



<b>BALANCE SHEET AS ON 31ST MARCH, 2010</b>			
			<i>(Amount in Rs.)</i>
Particulars	Schedule	31/03/2010	31/03/2009
<b>SOURCES OF FUNDS :</b>			
(1) Shareholders' Funds			
(a) Share Capital	<b>1</b>	204700000	204700000
(b) Reserves & Surplus	<b>2</b>	171826280	112619262
(2) Loan Funds			
(a) Secured Loans	<b>3</b>	0	0
(a) Unsecured Loans	<b>4</b>	219296920	0
(3) Deferred Tax Liability		3218067	5565794
<b>TOTAL</b>		<b>599041267</b>	<b>322885056</b>
<b>APPLICATION OF FUNDS :</b>			
(1) Fixed Assets	<b>5</b>		
Gross Block		601231655	46836293
Less : Depreciation		126945678	16526137
Net Block		474285977	30310156
(2) Investment	<b>6</b>	578973	563973
(3) Current Assets, Loans & Advances			
(a) Stock in trade	<b>7</b>	18082188	0
(b) Sundry Debtors	<b>8</b>	0	423645493
(c) Cash & Bank Balances	<b>9</b>	83855346	75890174
(d) Loans & Advances	<b>10</b>	32064608	310717379
		134002142	810253046
<b>Less : Current Liabilities &amp; Provisions</b>	<b>11</b>	9825826	518242119
<b>Net Current Assets</b>		124176316	292010927
<b>TOTAL</b>		<b>599041267</b>	<b>322885056</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>18</b>	0	0

Schedules referred to above form an integral part of the financial statements  
As Per Our Report of Even Date

For, KIRITKUMAR & CO.  
Chartered Accountants  
Sd/-  
Kirit Kumar  
Proprietor  
M.No. 38047  
August 20, 2010

For KGN Enterprises Limited  
  
Sd/-  
Chairman & Managing Director

Sd/-  
Director

<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010</b>			
<i>(Amount in Rs.)</i>			
<b>Particulars</b>	<b>Schedule</b>	<b>31/03/2010</b>	<b>31/03/2009</b>
<b>INCOME</b>			
Sales		1732471891	511167775
Other Income	<b>12</b>	17647734	24256
Variation In Stock		0	0
<b>TOTAL</b>		<b>1750119625</b>	<b>511192031</b>
<b>EXPENDITURE</b>			
Cost of Goods Sold	<b>13</b>	1667878941	496972729
Bank and Financial Charges	<b>14</b>	484179	1081
Employee Emoluments	<b>15</b>	4713620	779706
Direct Expenses	<b>16</b>	5117945	100000
Administrative & Selling Expenses	<b>17</b>	21787768	501662
Depreciation	<b>5</b>	22579475	3308243
<b>TOTAL</b>		<b>1722561928</b>	<b>501663421</b>
<b>Profit/Loss Before Tax</b>		27557697	9528610
<b>Provision For Taxation</b>			
Less: Provision for Income Tax		5212700	0
Add: Reversal of Deferred Tax		-2347727	-915125
Less: Provision for Fringe Benefit Tax		0	18552
<b>Profit After Tax</b>		<b>24692724</b>	<b>10425183</b>
Balance brought forward		20669262	11202039
<b>Amount available for Appropriations</b>		<b>45361986</b>	<b>21627222</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserves		0	0
Proposed Dividend		1023500	818800
Tax on Dividend		173900	139160
Balance carried forward to Balance Sheet		44164587	20669261
<b>Basic and Diluted Earnings Per Share</b>			
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	<b>18</b>	0	0

Schedules referred to above form an integral part of the financial statements

As Per Our Report of Even Date

For, KIRITKUMAR & CO.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M.No. 38047

August 20, 2010

For KGN Enterprises Limited

Sd/-

Chairman & Managing Director

Sd/-

Director

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNTS AT 31ST MARCH, 2010**

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE : 1 SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
21200000 Equity Shares of Rs 10/- Each (Previous Period:- 2,10,00,000 Equity Shares of Rs. 10/- each)	212000000	210000000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
20470000 Equity Shares of Rs.10/- Each	204700000	204700000
<b>TOTAL</b>	<b>204700000</b>	<b>204700000</b>
<b>SCHEDULE : 2 RESERVES &amp; SURPLUS :</b>		
Capital Reserve	62400000	0
Reserve & Surplus	3575	0
Share Premium	91800000	91800000
Share Forfeiture A/c.	150000	150000
Profit & Loss Account Balance	44164587	20669262
Balance of Profit & Loss A/c of SATIL Division	-26691882	0
<b>TOTAL</b>	<b>171826280</b>	<b>112619262</b>
<b>SCHEDULE : 3 SECURED LOANS :</b>		
KG N HO A/c	0	0
SATIL DIV. CONTROL A/C	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>SCHEDULE : 4 UNSECURED LOANS :</b>		
KG N Industries Limited	219296920	0
<b>TOTAL</b>	<b>219296920</b>	<b>0</b>

**SCHEDULE - 5 : FIXED ASSETS :**

SR NO	PARTICULARS	OPBAL ASON 1/4/2009	ADDITION DURING THE YEAR	Written Off /SOLD	TOTAL ASON 31/03/2010	DEPRECIATION FUND				NET ASSETS	
						ASON 1/4/2009	DURING THE YEAR	DEDUCTION	ASON 31/03/2010	ASON 31/03/2010	ASON 31/03/2009
1	NX418 Decanter	2,034,250	-	-	2,034,250	-	-	-	-	2,034,250	2,034,250
2	Air Condition	1,190,703	-	-	1,190,703	567,342	56,558	-	623,900	566,803	623,361
3	Computers & Printers	27,704,003	135,275	27,482,987	356,291	13,094,663	55,227	13,058,326	91,564	264,727	14,609,340
4	Electric Fittings	520,334	-	-	520,334	202,602	24,716	-	227,318	293,016	317,732
5	Free Hold Land & Building	26,557,216	46,920	-	26,604,136	-	-	-	-	26,604,136	26,557,216
6	Building	172,982,019	712,641	-	173,694,660	26,564,205	5,797,930	-	32,362,135	141,332,525	146,417,814
7	Furniture & Fixture	5,105,803	-	-	5,105,803	1,998,448	323,199	-	2,321,647	2,784,156	3,107,355
8	Ikon Car	430,990	-	-	430,990	286,322	40,944	-	327,266	103,724	144,668
9	Misc. Equipment	80,284	-	-	80,284	33,162	3,813	-	36,975	43,309	47,122
10	Plant & Machinery	339,207,720	7,192	-	339,214,912	74,196,994	16,112,665	-	90,309,659	248,905,253	265,010,726
11	Mixture Machine	9,297	-	-	9,297	3,856	442	-	4,298	4,999	5,441
12	Tractor	572,054	-	-	572,054	92,730	92,730	-	185,460	386,594	479,324
13	Mobile Phone	100,306	2,510	-	102,816	2,376	16,666	-	19,042	83,774	97,930
14	Opel Car A/c.	566,337	-	-	566,337	376,240	53,802	-	430,042	136,295	190,097
15	Printer	11,000	-	-	11,000	3,327	523	-	3,850	7,150	7,673
16	Refrigrator	5,479	-	-	5,479	2,262	260	-	2,522	2,957	3,217
17	Work in Progress	-	-	50,732,309	-	50,732,309	-	-	-	-	-
	<b>TOTAL</b>	577,077,795	51,636,847	27,482,987	601,231,655	117,424,529	22,579,475	13,058,326	126,945,678	423,553,668	459,653,266
	<b>PREVIOUS YEAR</b>	557,714,319	19,363,530	-	577,077,849	92,092,352	25,332,178	-	117,424,530	459,653,266	-

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNTS AT 31ST MARCH, 2010**

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE : 6 INVESTMENTS :</b>		
<b>Quoted :</b>		
Clio infote	7347	7347
Natcho Pharma	102132	102132
National Saving Certificates	15000	0
Shah Alloys	42500	42500
Shri Adhikari	127290	127290
Today Writ	284704	284704
<b>TOTAL</b>	<b>578973</b>	<b>563973</b>
<b>SCHEDULE : 7 INVENTORIES :</b>		
Raw Material	15417672	0
Fuel	1237563	0
Finished Goods	0	0
Packing Material	1426953	0
	<b>18082188</b>	<b>0</b>
<b>SCHEDULE : 8 SUNDRY DEBTORS :</b>		
<b>(Unsecured, Considered Good)</b>		
(a) More than Six Months	0	97731
(b) Others	0	423547762
	<b>0</b>	<b>423645493</b>
<b>SCHEDULE : 9 CASH &amp; BANK BALANCES :</b>		
Cash on Hand	16601	5656
Balance With Scheduled Banks :		
In Current Accounts	76288747	75884518
In Fixed Deposits	7550000	0
<b>TOTAL</b>	<b>83855348</b>	<b>75890174</b>
<b>SCHEDULE : 10 LOANS &amp; ADVANCES :</b>		
<b>(Unsecured, Considered Good)</b>		
Advance recoverable in cash or in kind or for value to be received	29173676	310549910
Deposits	2275665	2000
Balance With Government Authorities	615267	165469
<b>TOTAL</b>	<b>32064608</b>	<b>310717379</b>

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNTS AT 31ST MARCH, 2010**

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE : 11 CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>Current Liabilities :</b>		
<b>Sundry Creditors</b>		
For Goods (Due to SSI NIL)	23320	516548400
For Expenses	1180718	0
For Others	1897833	0
<b>Provisions :</b>		
Provision For Taxation ( F.Y. 2000-2001 )	13275	0
Provision For Taxation ( F.Y. 2001-2002 )	5065	0
Provision For Taxation ( F.Y. 2002-2003 )	64012	0
Provision For Taxation ( F.Y. 2003-2004 )	34398	0
Provision For Taxation ( F.Y. 2009-10 )	5212700	0
Provision For Fring Benefit Tax	0	18552
Provision For Audit Fees	45000	40000
Dividend Tax Payable	173900	139160
Proposed Dividend	1023500	818800
Unpaid Salary	0	163927
Expenses Payable	0	22500
Professional Tax	4740	2930
Vat Payable	0	450710
TDS Payable	147365	37140
	<b>9825826</b>	<b>518242119</b>
<b>SCHEDULE : 12 OTHER INCOME :</b>		
Dividend Income	1413	0
Interest Income	10864596	0
Other Income	4412576	24256
Miscellaneous Income	2369149	0
<b>TOTAL</b>	<b>17647734</b>	<b>24256</b>
<b>SCHEDULE : 13 COST OF GOODS SOLD :</b>		
Opening Stock	407188267	0
Add : Purchase of Goods	1278772862	496972729
	1685961129	496972729
Less : Closing Stock	18082188	0
<b>TOTAL</b>	<b>1667878941</b>	<b>496972729</b>
<b>SCHEDULE : 14 BANK AND FINANCIAL CHARGES :</b>		
Bank Charges	392624	1081
Letter of Credit Charges	21555	0
Agency Charges	70000	0
<b>TOTAL</b>	<b>484179</b>	<b>1081</b>

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNTS AT 31ST MARCH, 2010**

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE : 15 EMPLOYEE EMOLUMENTS :</b>		
Salary, Wages, Bonus etc	4713620	774741
Staff Welfare Expenses	0	4965
<b>TOTAL</b>	<b>4713620</b>	<b>779706</b>
<b>SCHEDULE : 16 DIRECT EXPENSES :</b>		
Brokerage Expenses	100282	100000
Diesel Exp	17838	0
Factory Expense	70001	0
Laboratory Expenses	19222	0
Loading & Unloading Charges	464309	0
Market Cess Fees A/c	135000	0
Power & Fuel Exp Ele.Bill	3383901	0
Repair & Maintance of Oil Mill	266478	0
Plant Expenses	388766	0
Freight Inward Expenses	272148	0
	<b>5117945</b>	<b>100000</b>
<b>SCHEDULE : 17 ADMINISTRATIVE &amp; SELLING EXPENSES :</b>		
Advertisement Expenses	16005	13608
Annual Maintanance Charges (AMC)	28414	0
Audit Fees Expenses	50000	40000
Business Promotion Expneses	3757	0
Computer Exp	28080	0
Conectivity Charges	33236	37226
Conversion Markup Fee	2411	0
Conveyance Exp.	27421	21275
Diwali Expenses	50000	0
Domein Expenses	600	0
Donation Exp	92632	2150
Entertainment	0	6000
Electric Expenses	38955	11842
EPCG RAGISTRATION FEES	5600	0
Freight (Outward) Exp A/c	1350	0
GEB Inspection Fees	5750	0
Godown Exp	390	0
Hotel Club & Hospitality Exp.	20004	0
IEC Ragistration Fees Exp.	1000	0
Income Tax Exp (A.Y.07-08)	96026	3470
Insurance Expenses	33931	0



**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNTS AT 31ST MARCH, 2010**

Particulars	AS AT 31.03.2010	AS AT 31.03.2009
<b>SCHEDULE : 17 ADMINISTRATIVE &amp; SELLING EXPENSES (Contd...) :</b>		
Interest on Dividend Tax	2840	0
Interest on Tds	8274	0
Interest on FBT	1088	0
Internet Expenses	5190	0
Kasar & Vatav	4348	0
Land -Cess	1915	0
Land Mehsul - Hariyala Panchayat	93689	0
Legal & Professional Fees	2829576	114033
Listing Fees A/c.	69888	60000
Loss on Asset W/o	14424661	0
Membership Fees	596951	0
Misc. Exp.	45628	0
Office Expenses	625672	14166
Oil Mill Expenses	18311	0
Petrol Expense	114013	0
Postage & Curior Expenses	12969.74	12981
Printing & Stationary A/c.	110228	34115
Registrarion Fees Expenses	4000	5470
Rent, Rate & Taxes Expenses	134538	0
Repaire & Maintenance	84236	20392
Refinery Expenses	1243	0
ROC Expenses	11150	0
Sales Tax Registration Fees	25000	0
Sales Tax Appel Diff 0405	48344	0
Sales Tax Appel Diff 0506	1846	0
Security Exp.	384500	0
STAMPING EXP	2595	2150
Telephone Exp.	106290	9627
Transportation Exp	897920	47957
Travelling Exp	491220	0
Web Designing Exp	87261	0
Vehicle Exp	0	45200
Water Cess	6822	0
	<b>21787768</b>	<b>501662</b>

**NOTES FORMING PART OF THE ACCOUNTS :**

**SIGNIFICANT ACCOUNTING POLICIES :**

**a. Basis of Preparation of Financial Statements and Revenue Recognition:**

- i) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- ii) Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- iii) Sales are recognized at the point of dispatch of goods, at the agreed rates. Adjustments arising out of price variation claims are accounted on acceptance of claims by customers. Export benefits are accounted in the year of exports
- iv) Revenue from services is recognized on completed contract method.
- v) Revenue is recognized only when its reliability is reasonably certain.

**b. Fixed Assets :**

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

**c. Depreciation :**

Depreciation has been provided on Straight Line Method Basis 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.

**d. Investments :**

Current investments are carried at the lower of cost or quoted/ fair value, computed (category wise). Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if; such a decline is other than temporary, in the opinion of the management.

**e. Valuation of Inventories :**

- i) Raw Materials are valued at cost.
- ii) Materials in process are valued at manufacturing cost and finished goods are valued at total cost.
- iii) Stores and spare parts have been consistently written off as and when purchased.
- iv) Goods in transit are stated at actual cost to the date of Balance Sheet.
- v) Stores/Spares/ Packing Material is valued at cost

**f. Research & Development Expenses :**

Research & Development costs of revenue nature are charged to revenue when incurred. Expenditure of capital nature is capitalized and depreciation thereon is provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

**g. Foreign Currency Transactions :**

Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit or loss account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**h. Employee retirement benefits :**

Company's contribution to Gratuity, Superannuating Fund and Leave Encashment are accounted on accrual basis. Gratuity and leave encashment provided on the basis of actuarial valuation made at the end of accounting year.

**i. Provision for Taxation :**

Provision for taxation is computed as per total income returnable under the relevant Tax Laws.

**j. Borrowing Cost :**

Borrowing costs directly attributable to the production, acquisition or construction of qualifying assets are capitalized as part of the cost of that asset till the asset is ready for use. Other borrowing costs are charged to the statement of profit and loss as and when incurred. None of the borrowing cost have been capitalized during the period.

**k. Earning per share :**

The company calculates and discloses Earning per shares in accordance with the provisions of Accounting Standard (AS) 20 “ Earning per share “ issued by the Institute of Chartered Accountant of India.

**l. General Accounting Policies :**

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

**m. Taxes on Income :**

Taxes on Income comprises of Current Taxes and Deferred Tax in accordance with Accounting Standard (AS) 20 “ Accounting for Taxes on Income” issued by the Institute of Chartered Accountant of India. Deferred tax resulting from “timing differences” between and accounting income is accounted for using the tax rates and laws that are enacted as on the balance sheet date. The Deferred Tax Asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future . Deferred Tax is shown at net of DTL & DTA.

**NOTES TO THE ACCOUNTS :**

- 1) The Sanctioned Scheme by the Board of Industrial and Financial Reconstruction (BIFR) vide their order dated 26th March, 2010 envisages merger of Sailani Agro Tech Industries Ltd. (SATIL) with KGN Enterprises Ltd. (KGN). The amalgamation is an amalgamation in the nature of pooling of interest method as defined by Accounting Standard (AS)-14 ‘Accounting for Amalgamations’ issued by the Institute of Chartered Accountants of India. Following effects have been given in terms of the BIFR order:
  - i. With effect from the Appointed date i.e., 1st April, 2008, all the assets and liabilities of SATIL are transferred to and recorded in the books of the Company at their book values.
  - ii. As per the BIFR order, all the reserves of SATIL have been transferred to reserves of KGN Enterprises Ltd. (KGN).
  - iii. Out of the total Secured liabilities of SATIL of Rs. 7,081 lacs, liabilities to the tune of Rs. 1,797 lacs have been paid directly by KGN on behalf of SATIL and the balance liability of Rs. 5,284 lacs have been waived off as receivable from SATIL. Out of the waiver, Rs. 4,660 lacs has been squared up against the debit balance of profit & loss account and Rs 624 lacs have been transferred to Capital Reserve Account as per BIFR scheme.
  - iv. All the respective accounting entries upon merger of SATIL with KGN has been passed in the books of account of the KGN Enterprises Limited in the current financial year.
- 2) The share capital of SATIL was wholly held by KGN before the effective date of the BIFR order, thus the same stands cancelled upon amalgamation of SATIL with KGN.
- 3) Contingent Liabilities not provided for is Rs. Nil.
- 4) All debit and credit balance and accounts squared up during the year are subject to confirmation from respective parties.
- 5) Figures in Balance Sheet have been regrouped and rearranged wherever necessary to make them comparative with current year's figures.
- 6) Figures in Balance Sheet are rounded off to the nearest of the Rupees.
- 7) Balances of receivables, payables and loans and advances parties are subject to confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.
- 8) Profit and Loss Account includes Auditors’ Remuneration as under :

*Amount (in Rs.)*

Particulars	2009-10	2008-09
Fees for audit work	20000	10000
Fees for Tax Audit/Taxation work	20000	20000
Fees For Certification/Others	10000	10000
<b>Total</b>	<b>50000</b>	<b>40000</b>

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

a) Purchase, Sales and Stocks :

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

	2009-10		2008-09	
	Quantity (In Tonnes)	Amount (In Lacs)	Quantity (In Tonnes)	Amount (In Lacs)
<b>Opening stocks</b>				
Castor Oil (FSG)	Nil	Nil	Nil	Nil
Castor Oil Refined	Nil	Nil	Nil	Nil
<b>Purchases</b>				
Castor Oil (FSG)	28183.91	14366.97	3273.01	1897.39
Castor Oil Refined	22120.11	12623.84	1391.76	3072.34
<b>Sales</b>				
Castor Oil (FSG)	28183.91	15859.63	3273.01	1955.35
Castor Oil Refined	22120.11	11660.94	3156.89	1391.76
<b>Closing Stock</b>				
Castor Oil (FSG)	Nil	Nil	Nil	Nil
Castor Oil Refined	Nil	Nil	Nil	Nil

b) Value of imported and indigenous goods traded :

	Amount (in Rs.)	
	2009-010	2008-09
Imported	Nil	Nil
Indigenous	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

c) CIF Value of Imports :

Capital Goods	Rs. 3.53 crore	Nil
Stores and Spares	Nil	Nil

d) Expenditure in Foreign Currency :

Foreign Travel	Nil	Nil
Commission	Nil	Nil
Others	Nil	Nil

e) Earnings in foreign Currency :

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

For, KIRITKUMAR & CO.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M.No. 38047

August 20, 2010

For KGN Enterprises Limited

Sd/-

Chairman & Managing Director

Sd/-

Director

**Balance sheet Abstract and Companies General Business  
Profile As per Schedule VI part (IV) of the Companies Act 1956.**

**Registration Details**

(1) Registration No .....	04/22271/94-95
State code .....	04
Balance Sheet Date .....	31-03-2010
<b>Capitals Raised during the Year (Rs. in Lacs) .....</b>	
Public Issue .....	NIL
Right Issue .....	NIL
Bonus Issue .....	NIL
Private placement .....	NIL
<b>Position of Mobilisation and Deployment of Funds (Rs. In Lacs) .....</b>	
Total Liabilities .....	5990.41
Total Assets .....	5990.41
<b>Source of Funds (Rs. in Lacs ) .....</b>	
Paid Up Capital .....	2047.00
Share Application Money .....	NIL
Reserve & Surplus .....	1718.26
Secured Loans .....	NIL
Unsecured Loans .....	2192.97
<b>Application of Funds (Rs. in Lacs) .....</b>	
Net Fixed Assets .....	4742.86
Investments .....	5.79
Net Current Assets .....	1241.76
Misc. expenditure .....	NIL
Accumulated Losses .....	NIL
<b>Performance of the Companies (Rs. in Lacs) .....</b>	
Total Income .....	17501.19
Total Expenditure .....	17225.62
Profit Before Tax .....	275.58
Profit After Tax .....	246.92
Earning Per Share (Rs.) .....	1.09
Dividend Rate % .....	0.05
<b>Generic Names of Principal Products/ Services of the Company .....</b>	
Item Code No. ....	N. A.
Product Description .....	TRADING

As Per Our Report of Even Date

**For, KIRITKUMAR & CO.**  
Chartered Accountants  
Sd/-  
**Kirit Kumar**  
Proprietor  
M.No. 38047  
August 20, 2010

**For KGN Enterprises Limited**  
  
Sd/-  
**Chairman & Managing Director**

Sd/-  
**Director**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	(Amount in Rs.)	
	31-Mar-10	31-Mar-09
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit Before Tax	27557697	9528610
<b>Adjustment For :</b>		
Depreciation	22579475	3308243
Preliminary Expenses Written Off	0	0
Interest and Dividend Income	-10866009	0
Loss on asset written off	14424661	0
Reversal of Deferred Tax	0	915125
<b>Operating Profit Before Working Capital Changes</b>		
<b>Adjustment For :</b>		
(Increase)/Decrease in Inventories	-18082188	0
(Increase)/Decrease in Sundry Debtors	423645493	-172321840
(Increase)/Decrease in Loans & Advances	281376234	-154368065
(Increase)/Decrease in Deposit	-2273665	0
Increase/(Decrease) in Current Liabilities	0	512878441
Cash Generated From Operation	<b>738361698</b>	<b>199940514</b>
Direct Taxes Paid	0	18552
<b>Net Cash From Operating Activities (A)</b>	<b>738361698</b>	<b>199921962</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	-480979957	-9484305
Sale of Fixed Assets/ Investments	0	0
Long Term Investment Purchased	-15000	0
Interest & Dividend Income	10866009	0
Other Investing Activities	0	0
<b>Net Cash Used in Investing Activities (B)</b>	<b>-470128948</b>	<b>-9484305</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds From Long Term Borrowings	219296920	-150000000
Repayment of Long Term Borrowings	0	0
Proceeds From Short Term Borrowings	0	0
Dividend Paid	-1023500	-818800
Corporate Dividend Tax	-173900	-139160
<b>Net Cash Used in Financing Activities (C)</b>	<b>218099520</b>	<b>-150957960</b>
<b>Net Reserve &amp; Surplus Transfer from SATIL (Note) (D)</b>	<b>35711695</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C+D)</b>	<b>522043966</b>	<b>39479697</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>75890174</b>	<b>36410477</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>83855348</b>	<b>75890174</b>
	<b>7965174</b>	<b>39479697</b>

**Note :-** As per the Sanctioned Scheme by the Board for Industrial and Financial Reconstruction (BIFR) vide their order dated 26th March, 2010, all the assets and liabilities of Sailani Agro-Tech Industries Limited are transferred to and recorded in the books of the KGN Enterprises Limited at their book values

**Schedules referred to above form an integral part of the financial statements**

For, KIRITKUMAR & CO.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M.No. 38047

August 20, 2010

For KGN Enterprises Limited

Sd/-

Chairman & Managing Director

Sd/-

Director



# KGN ENTERPRISES LIMITED

Registered Office :- 401, Shrinivas Building, 382-384,  
Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra - 400009.

## ATTENDANCE SLIP

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

Please write below

DP ID : \_\_\_\_\_

Registered Folio No.: \_\_\_\_\_

Client ID : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

Full Name of the Member : \_\_\_\_\_

Full Name of the Proxy : \_\_\_\_\_

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

I hereby record my presence at the 16th Annual General Meeting of the Company held at Registered Office of the Company at 401, Shrinivas Building, 382-384, Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra- 400009 on Monday, the 27th September, 2010 at 11.00 A.M.

\_\_\_\_\_  
(Signature of Member/Proxy)

Application to the members holding shares in electronic form.

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

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

# KGN ENTERPRISES LIMITED

Registered Office :- 401, Shrinivas Building, 382-384,  
Narshi Natha Street, Katha Bazar, Mumbai, Maharashtra - 400009.

## PROXY FORM

DP ID : \_\_\_\_\_

Registered Folio No.: \_\_\_\_\_

Client ID : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of above Company hereby appoint Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ or failing him Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to vote for me/us and on my/us behalf at the 16th Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 at 11.00 A.M.

Signed by the said \_\_\_\_\_ Day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_

Affix  
Rs. 2/-  
Revenue  
Stampe

**Note :-** The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.