



KGN ENTERPRISES LTD.



KGN ENTERPRISES LIMITED

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

Board of Directors

- | | | |
|---|-----------------------|------------------------------|
| • | Mr. Ismail Memon | Chairman |
| • | Mr. Babulal Hirani | Managing Director |
| • | Mr. Mohsin Memon | Director (w.e.f 14.10.2012) |
| • | Mr. Aftab Ahmed Kadri | Director |
| • | Mr. Dhaval Bhatt | Director |

Bankers of the Company:

Axis Bank, Churchgate Branch, Mumbai
Axis Bank, Ahmedabad

Auditors

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

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
Unit 303, 3rd Floor, Shoppers Plaza V,
Opp. Municipal Market , Behind Shoppers Plaza II,
Off C.G.Road.
Email: ahmedabad@linkintime.co.in

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution”

“ **RESOLVED THAT** Pursuant to the provisions of Section 16, 94 and other applicable provisions of Companies Act, 1956 the Authorised Capital of the Company be and is hereby re-classified from ₹ 21,50,00,000(Twenty-one Crore Fifty Lacs) divided into 2,10,00,000 (Two Crore, Ten Lacs) Equity shares of ₹10/- each, aggregating to ₹ 21,00,00,000 (Twenty-one Crore) Equity Shares and 5,00,000 (Five Lacs) Preference Shares of ₹10/- each, aggregating to Rs.50,00,000 (Fifty Lacs) to 2,15,00,000 (Two Crore Fifteen Lacs) Equity Shares of Rs.10 each, ₹ 21,50,00,000 (Twenty-one Crore Fifty Lacs) .”

NOTES:

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Business under item No. 5 above is annexed hereto. The relevant details of Director seeking appointment / re- appointment under Item No. 3 above, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are also annexed.

- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hrs before the meeting.
- c) The Register of Members and Share Transfer Books of the Company will be closed from 22nd September, 2013 to 28th September, 2013 (both days inclusive).
- d) If dividend on Equity Shares, as recommended by the Board of Directors, is passed at the meeting, payment of such dividends will be made on and after Monday, 4th October, 2013 to those Members, whose names appear in the Company's Register of Members as on 21st September, 2013. In respect of Equity Shares held in Electronic form, the dividend will be paid to the beneficial owners of shares as at the end of the business hours on 21st September, 2013 as per the details furnished by the Depositories for this purpose.
- e) Members desiring any information on Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office at least 7 days before the date of the Meeting.
- f) All correspondence relating to change of address and shares of the Company may please be addressed to the Share Transfer Agents – Link in Time India Private Limited (formerly Intime Spectrum Registry Limited) at Unit 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market , Behind Shoppers Plaza II, Off C.G.Road, Ahmedabad – 380 009.
- g) Members are requested to note that dividends not encashed/claimed within seven years from the date of declaration of Dividend will, as per Section 205A of the Companies Act, 1956, be transferred to Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

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

ANNEXURE TO NOTICE

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the Following Explanatory Statements sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice dated 13th August, 2013.

ITEM NO. 5

Presently the company is having an Authorised Share Capital of Rs.21,50,00,000 (Twenty-one crore Fifty Lacs) divided into 2,10,00,000 (Two Crore, Ten Lacs) Equity shares of Rs. 10 each, aggregating to Rs. 21,00,00,000 (Twenty-one Crore) and 5,00,000 (Five Lacs) preference shares of Rs.10 each, aggregating to Rs.50,00,000 (Fifty Lacs). As the preference Shares of the company were redeemed, the Boards' of your company is of the view to reclassify the Authorised Capital into 2,15,00,000 (Two Crore Fifteen Lacs) Equity Shares of Rs.10 each, Rs. 21,50,00,000 (Twenty-one Crore fifty Lacs).

The Special Resolution is proposed pursuant to the provisions of section 16 & Sec. 94 of the Companies Act, 1956.

The Board of Directors accordingly recommend the resolution set out at Item No. 5 of the accompanying Notice for approval of the Members.

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

**By order of the Board of Directors
FOR KGN ENTERPRISES LIMITED**

Date: 13.08.2013

Place: Mumbai

Sd/-

**(BABULAL HIRANI)
MANAGING DIRECTOR**

DIRECTORS' REPORT

To
The Members,
KGN ENTERPRISES LIMITED,
Mumbai, Maharashtra.

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

FINANCIAL RESULTS:**(₹ In Lacs)**

PARTICULAR	31st March 2013	31st March 2012
Profit before Depreciation and Amortization Expenses, Finance Cost and Tax Expenses	288.49	156.41
Less : Finance Cost	1.31	0.99
Depreciation and Amortization Expenses	210.61	NIL
Profit before Tax	76.57	155.42
Less : Current Tax	14.59	34.54
Deferred Tax	-10.99	NIL
Profit for the year	72.97	120.89
Add : Balance in Profit & Loss Account	411.12	302.13
	484.09	423.02
Less : Appropriation		
Proposed Dividend on Equity Shares	6.14	10.24
Tax on Dividend	0.99	1.66
Add : Undeclared Dividend for F.Y. 2011-12	4.09	NIL
Dividend Undeclared	0.66	NIL
Tax on Dividend Undeclared		
Closing Balance	431.72	411.12
Transfer to Capital Redemption Reserve	50.00	NIL

DIVIDEND:

Your Directors are pleased to recommend a final dividend of ₹ 0.03 per Equity Shares for the year ended 31st March, 2013. The Proposed Dividend for the financial year will absorb ₹ 7,13,738 including Dividend Distribution Tax of ₹ 99,638.

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

Last year Board of Director proposed a dividend of ₹ 0.05 per Equity Shares but shareholder's in AGM held on 29th September, 2012 declared a final dividend ₹ 0.03 per Equity Shares. Company has written back the dividend amount which was not declared by Shareholders in the last AGM in it's Profit & Loss Account. The total amount of dividend undeclared with dividend distribution tax is 4,75,846.

RESULTS OF OPERATIONS:

The highlights of the performance are as under :

- Revenue from operations Increased by 583.47% to ₹ 5869.64 Lacs.
- Total Income Increased by 529.14% to ₹ 6024.64 Lacs.
- Net Profit before depreciation & Tax Increased by 84.78% to ₹ 287.18 Lacs.
- Net Profit after Tax decreased by 39.64% to ₹ 72.97 Lacs.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

AUDITORS :

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

OBSERVATION IN AUDITORS REPORT:

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

SUBSIDIARY COMPANIES:

Your Company has Four wholly-owned Subsidiary Companies i.e. KGN Bio-Tech Limited, KGN Green Limited, KGN Proteins Limited and KGN Oil & Gas Private Limited.

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

ENVIRONMENTAL PROTECTION:

Your Company is engaged in manufacturing activities for which Company has taken approval of Gujarat Pollution Control Board.

DIRECTORS:

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

DIRECTORS' RESPONSIBILITY STATEMENTS:

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

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

- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The directors have prepared the annual accounts of the Company on a 'going concern' basis.

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

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

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

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

ACKNOWLEDGEMENTS:

Your Directors would like to express their gratitude for the continuous support of Financial Institutions, Banks, Central and State Government, 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 Board of Directors

Date: 13th August, 2013

FOR KGN ENTERPRISES LIMITED

Place: Mumbai

Sd/-

**(BABULAL J HIRANI)
MANAGING DIRECTOR**

MANAGEMENT DISCUSSION ANALYSIS

INDUSTRIAL SCENARIO FOR CASTOR OIL

Castor oil is one of the most versatile plant oils. Its unique chemical structure makes it useful in a wide number of industries and applications. Castor oil is fast becoming one of the most sought after plant oils, owing to its rich properties and variety of end-uses.

India has emerged as the largest producer of castor seed in the world and meets more than 90 per cent of the global castor oil requirement. Gujarat contributes to 70 per cent of production and export. India currently exports castor oil and derivatives worth over Rs 4,000 crore a year.

Total area under castor crop in India for the year 2012-13 is 10.96 lakhs hectares. It has decreased by 5% as compared to the previous year. Estimated total production of castor seeds in India for the year 2012-13 is 11.43 lakhs tones. It has decreased by 27% as compared to previous year. Average yield for the year 2012-13 is 1043 kg/ hectare during the year 2012-13. It has decreased by 19% as compared to previous year. (Study conducted by SEA)

CURRENT BUSINESS REVIEW

KGN Enterprises Limited is listed on Bombay Stock Exchange and Ahmedabad Stock Exchange. The Company is an agro- based industry catering to increasing demand of castor oil & its derivatives in national as well as international market. Presently the company is exporting its products to Italy, Thailand, Austria and Netherland. The plant has installed capacity of crushing 600 tonns of castor seeds per day. It has an ultra modern Pharma Plant of 200 tonns per day, Refinery of 300 tonns per day and a Solvent Extraction Plant of 250 tonns per day capacity. The company has established the plant with crushing capacity of 1,20,000 tonns per annum using the latest technologies and advanced machineries. The plant is spread over 75524 Sq. Meters of land with construction of 10445 sq mt. The plant is well equipped with all novel and sophisticated equipments and infrastructure supported by a team of technical experts. The technical team is having in-depth experience and knowledge for manufacturing high quality castor oil and the related products meeting international standards and as per buyer's requirement. The company has enough infrastructure facilities like, silos, crushing plant, refinery, huge interim & final storage capacity, own laboratory for research & development, Weigh Bridge which strengthens the company to work at an optimum level.

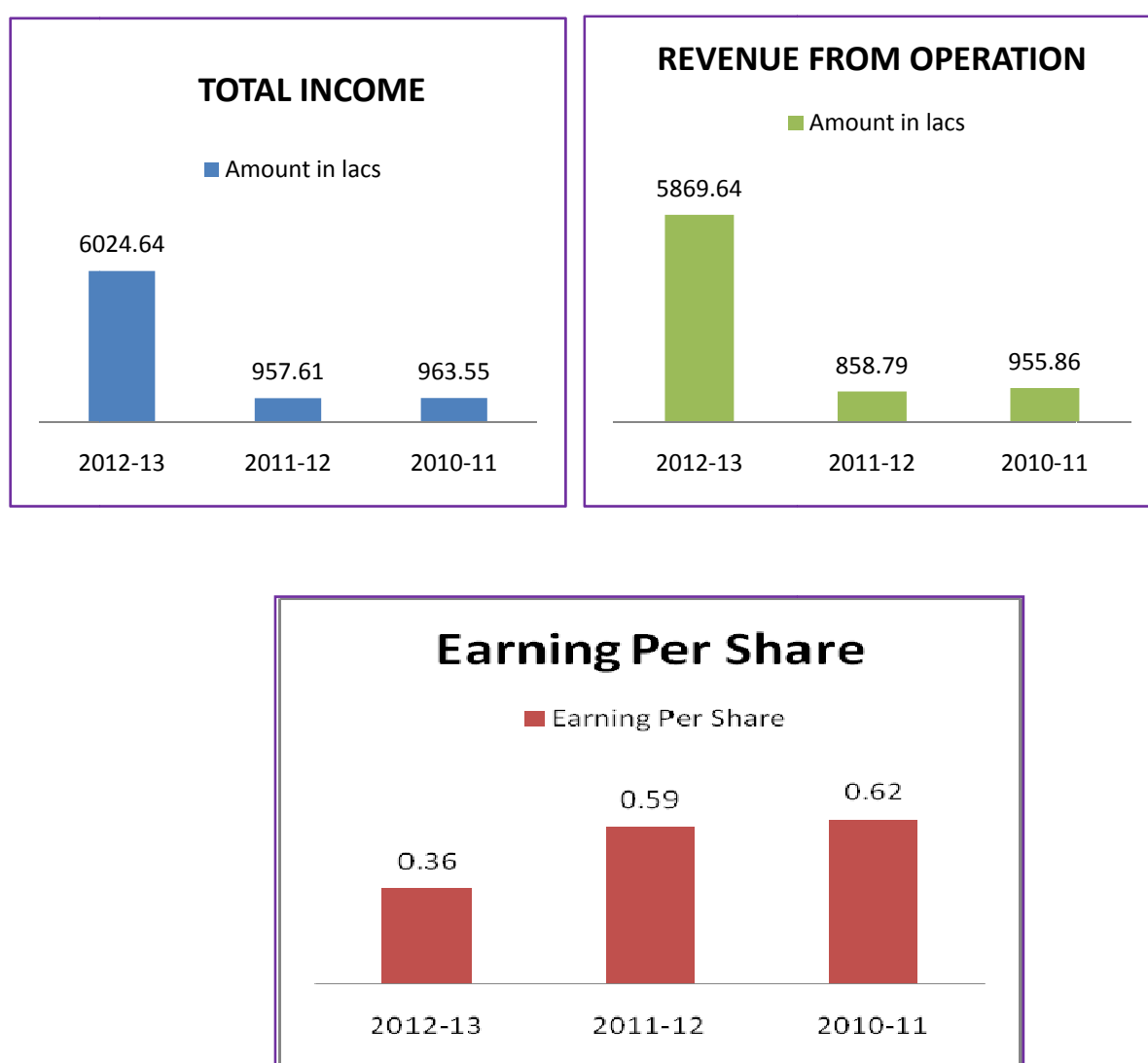
STRATEGIC INITIATIVE

- KGN Bio- Tech Limited, Wholly owned subsidiary was incorporated on 6th April, 2010 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. It is in process of getting merged with its Holding Company. Presently the company is exporting its products to Italy & Egypt. Investments, along with outsourcing

activities and exports, are key drivers for growth in the biotech sector. India is amongst the top 12 biotech destinations in the world. The market size of Indian biotechnology industry was US\$ 4.3 billion during FY12 and is expected to grow to US\$ 11.6 billion by 2017.

- KGN Oil & Gas Private Limited, Wholly owned Subsidiary has been awarded one block (CB-ONN-2010/03) in Gujarat under NELP IX by Government of India. The block covers the area of 534 square kilometer for which the Production Sharing Contract was signed. KGN Enterprises Limited has applied for a Petroleum Exploration License under the Petroleum & Natural Gas Rules, 1959.

FINANCIAL HIGHLIGHTS



- Total Income Increased by 529.14% to ₹ 6024.64 Lacs.
- Revenue from operations Increased by 583.47% to ₹ 5869.64 Lacs.

FUTURE OUTLOOK

- The Company is planning to increase the capacity of its plants through improved means of technologies. It will enable the company to improve the quality of existing range of products, cost reduction, development of new products and exports, improvement in manufacturing process.
- The Company is regularly doing research and analysis for better quality control and cost effective solutions.
- The Company proposes to export its products to, Egypt, Germany, and USA. These countries are regular buyers of castor oil & derivatives from India.
- The Company plans to start sebacic acid plant in near future.
- There are ample opportunities for expanding business activities in the field of castor oil and its derivatives.
- After getting the PEL for CB-ONN-2010/03, the Company will apply for Environmental Clearance and then the following work programme will start.

WORK PROGRAMME: CB-ONN-2010/3

Sr. NO.	TYPE OF WORK
(1)	2D Seismic Surveys
(2)	3D Seismic Surveys
(3)	3 Exploratory Wells

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

- Castor oil and its derivatives have applications in the manufacturing of soaps, lubricants, hydraulic and brake fluids, paints, dyes, coatings, inks, cold resistant plastics, waxes and polishes, nylon, pharmaceuticals and perfumes. So there are tremendous opportunities in this sector.
- Much higher thrust on research & development is required for proper quality control.
- Foreign exchange fluctuation and volatility in prices can affect the margin of export.
- Castor seeds continue to be a volatile raw material in terms of its price.
- Castor seed is a seasonal product for which cycle usually starts from January to June, stock of the same if not maintained in other 6 months can affect the company.
- Availability of castor seeds depends on the weather condition in the area of castor growing states in the country.

CAUTIONARY STATEMENT

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

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

**Date: 13.08.2013
Place: Mumbai**

**Sd/-
(BABULAL HIRANI)
MANAGING DIRECTOR**

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

The Company believes in adopting the best practices that are followed in the area of Corporate Governance. Corporate Governance ensures fairness, transparency and integrity of the management. The Company endeavors to strike and deliver the highest governing standards and emphasizes the need for transparency and accountability in all its activities for the benefit of and to protect the interest of its stakeholders. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are given hereunder:

2. BOARD OF DIRECTORS:**a) Composition & Category of Directors:**

The Company has Non-Executive Chairman. As on 31st March, 2013 there are 5 Directors on its Board. The number of Non-Executive Directors is more than one-third of the total number of directors. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Enterprises Limited.

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

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

15.05.2012, 14.08.2012, 17.09.2012, 08.11.2012, 13.02.2013.

Name	Category	No. of Board Meetings attended during 2012-13	Whether attended AGM held on 29 th September 2012	No. of Directorships in other public companies* as on 31.03.2013		No. of Committee positions held in other public companies** as on 31.03.2013	
				Chairman	Member	Chairman	Member
Mr. Ismail Memon (Chairman)	Promoter Non Executive	5	YES	0	5	1	1
Mr. Babulal J. Hirani (Managing Director)	Professional Executive	4	YES	0	6	1	3
Mr. Mohsin Memon	Promoter Executive	2	YES	0	1	0	0
Mr. Aftab Ahmed Kadri	Independent Non Executive	5	YES	0	5	1	3
Mr. Dhaval Bhanushankar Bhatt	Independent Non-Executive	5	YES	0	2	0	0

Details of Director seeking re-appointment:

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

Name	Mr. Mohsin Memon
Date of Birth/Age	6 th June, 1986 (27 yrs)
Date of Appointment	14 th October, 2012
No. of Shares held in the Company	NIL
Qualification	B.COM
Experience	3 Years Experience in Finance
List of other Directorship	NIL
Membership/ Chairman of committees of the other Companies	NIL

3. AUDIT COMMITTEE:**a) Composition of Committee:**

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

Four Audit Committee meetings were held during 2012-2013. The dates on which the said meetings were held are as follows:

15.05.2012, 14.08.2012, 8.11.2012, 13.02.2013.

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Aftabahmed Kadri	Chairman	4	4
Mr. Ismail. G. Memon	Member	4	4
Mr. Babulal J. Hirani	Member	4	3

b) Role of Audit Committee:

The Role of Audit Committee shall include the following:

1. Oversight of the company's Financial reporting process and the disclosure of it's financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board. The appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statement before submission to the board for approval. With particular reference to :

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in term of Clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statement arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party audit report.
 - g) Qualification in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 6. Reviewing. With the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function. if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. .
 11. To look into the reasons for substantial defaults in repayment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

4. REMUNERATION COMMITTEE:

The composition of the Remuneration Committee is as under:

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Babulal Hirani	Chairman	1	1
Mr. Ismail. G. Memon	Member	1	1
Mr. Aftab Ahmed Kadri	Member	1	1

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

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

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Ismail Memon	Chairman	2	2
Mr. Babulal Hirani	Member	2	1
Mr. Aftab Ahmed Kadri	Member	2	2

Name & Designation of the Compliance Officer:

Mr. Babulal Hirani is the compliance officer for KGN Enterprises Limited.

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

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

No. of complaints received	:	Nil
No. of complaints resolved	:	Nil
No. of complaints pending	:	Nil

6. GENERAL BODY MEETINGS:**a) Details of General Meetings held in last 3 years:**

Financial Year	Location	Date	Day	Time	Type of Meeting	Special Resolutions passed
2011-12	Y. M. C. A International House, Y. M. C. A Road, Near Maratha Mandir, Mumbai Central- 400 008	29 th September , 2012	Saturday	11.30 a.m.	AGM	2
2011-12	23, Vaswani Mansion, 4 th Floor, Dinshaw Vaccha Road, Opp. K.C. College, Churchgate, Mumbai 400002	13 th October, 2012	Saturday	11.00 a.m.	EGM	1
2010-11	23, Vaswani Mansion, 4 th Floor, Dinshaw Vaccha Road, Opp. K.C. College, Churchgate, Mumbai	29 th September , 2011	Thursday	10.00 a.m	AGM	1
2009-10	Patel Restaurant, 95/97, Topiwala Mansion, Masjid bunder, Mohamed Ali Road, Mumbai 400003	29 th September , 2010	Wednes- day	11. 00 a.m.	AGM	3

b) Postal Ballot:

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

7. DISCLOSURES:

During the financial year 2012-13, there were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. No penalties are imposed on the Company or any of its directors by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last (3) three years.

8. MEANS OF COMMUNICATION:

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

9. CEO / CFO CERTIFICATION:

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

10. GENERAL SHAREHOLDER INFORMATION:**a) Detail Programme of the 19th ANNUAL GENERAL MEETING:**

DATE : 28th SEPTEMBER, 2013

DAY : SATURDAY

TIME : 12.00 P.M.

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

b) FINANCIAL YEAR: 1st April, 2012 to 31st March, 2013.**c) BOOK CLOSURE DATE:** 22nd September, 2013 to 28th September, 2013 (Both days inclusive)**d) DIVIDEND PAYMENT DATE:** 4th October, 2013.

e) LISTING ON STOCK EXCHANGES:

The Company's Ordinary shares are listed on the following Stock Exchanges:

Bombay Stock Exchange Ltd.

Ahmedabad Stock Exchange Ltd.

Vadodara Stock Exchange Ltd. (De-listed w.e.f. 10.01.2013)

f) STOCK CODE:

Bombay Stock Exchange Ltd. : 533790

Ahmedabad Stock Exchange Ltd. : 012981

Vadodara Stock Exchange Ltd. : 000201 (De-listed w.e.f. 10.01.2013)

**DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER
(ISIN) FOR EQUITY SHARES: INE 755B01019**

g) MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1ST APRIL, 2012 TO 31ST MARCH, 2013.

PERIOD FROM April, 2012 to March,2013	PRICE PER SHARE		NO OF SHARES TRADED
	HIGH (RS.)	LOW (RS.)	
April, 2012	362.95	177.25	12,12,867
May, 2012	449.00	343.00	22,32,727
June, 2012	407.70	300.00	20,09,902
July, 2012	412.00	321.05	13,49,986
August, 2012	402.00	288.20	7,35,221
September, 2012	450.00	261.00	10,78,906
October, 2012	446.15	351.45	12,82,216
November, 2012	430.10	321.90	9,01,753
December, 2012	409.80	355.00	13,82,742
January, 2013	398.40	360.00	13,08,815
February, 2013	394.90	360.00	19,74,871
March, 2013	380.00	119.65	77,80,065

(Source- www.bseindia.com)

h) REGISTRAR AND SHARE TRANSFER AGENTS:

Members are requested to correspond with the Company's Registrar & Transfer Agents-
Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Ltd.)

Unit 303, 3rd Floor, Shoppers Plaza V,
Opp. Municipal Market , Behind Shoppers Plaza II,
Off C.G.Road, Ahmadabad.

i) SHARE TRANSFER PROCESS:

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

j) DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2013:

SR. NO.	RANGE OF HOLDING	NO. OF SHARE HOLDERS	NO. OF SHARES	SHARES AMOUNT	% TO CAPITAL
1.	Upto 500	226	18657	186570	0.091
2.	501 to 1000	58	51115	511150	0.250
3.	1001 to 2000	45	77563	775630	0.379
4.	2001 to 3000	52	140100	1401000	0.684
5.	3001 to 4000	30	108754	1087540	0.531
6.	4001 to 5000	98	483085	4830850	2.360
7.	5001 to 10000	100	788710	7887100	3.853
8.	Above 10000	158	18802016	188020160	91.852
TOTAL		767	20470000	204700000	100

k) SHAREHOLDING PATTERN AS ON 31st MARCH, 2013:

SR. NO.	CATEGORY	NO. OF SHARES	PERCENTAGE
1.	Indian Public	6496430	31.74%
2.	NRI's / OCBs	NIL	NIL
3.	Mutual Funds and UTI	NIL	NIL
4.	Banks, Financial Institutions and Insurance Companies (Central Institutions)	NIL	NIL
5.	Clearing Member	1199787	5.86%
6.	Corporate Bodies	1907642	9.32%
7.	Indian Promoters	10866141	53.08%
8.	Forfeiture of Shares	NIL	NIL
TOTAL		20470000	100%

l) DEMATERIALIZATION OF SHARES AND LIQUIDITY:

Percentage of Shares held in Physical form	: 3.67%
Electronic form with NSDL	: 71.26%
Electronic form with CDSL	: 25.08%

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

n) ADDRESS FOR CORRESPONDENCE:

Registered Office:

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

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

Sd/-

**BABULAL HIRANI
(COMPLIANCE OFFICER)**

KGN Enterprises Limited

DECLARATION

I, Babulal Hirani, Managing Director of the Company, to the best of my knowledge hereby certify that all the members of the Board of Directors and Senior Management personnel of the Company have affirmed their compliance with the Code of Conduct applicable to them, as laid down by the Board of Directors in terms of Clause 49(I)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2013.

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

**Sd/-
BABULAL HIRANI
(MANAGING DIRECTOR)**

**Place: Mumbai
Date: 13th August, 2013**

AUDITORS' 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 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

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

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

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

**FOR: KIRIT & CO.
CHARTERED ACCOUNTANTS**

**Date: 13.08.2013
Place: Mumbai**

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

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN ENTERPRISES LIMITED,

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

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

**For: Kirit & Company
Chartered Accountants**

**Place: Ahmedabad
Date: 13th August, 2013**

**Sd/-
Kirit Kumar
Proprietor
M. No. 038047
F.R. No. 132282W**

KGN ENTERPRISES LIMITED**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification by the management.
- (c) In our opinion, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted unsecured loan to its Subsidiary Companies and parties in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount granted during the year and year end balance of loan to such subsidiaries were as per details given below. The terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in Rs.)	Closing Balance As on 31/03/2013 (in Rs.)
1.	KGN Bio Tech Limited	Subsidiary Company	4,80,58,751/-	4,80,58,751/-
2.	KGN Oil & Gas Private Limited	Subsidiary Company	1,43,62,000/-	1,43,62,000/-

- (b) The Company has taken loans, secured or unsecured from the companies or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The Maximum amount granted during the year and year end balance of loan to such subsidiaries were as per details given below. The terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2013 (in ₹.)
1.	KGN Industries Limited	Associates	25,25,96,980/-	19,28,95,120/-

4. In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedure commensurate with size of a company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
6. The Company has not accepted deposits from the public, within the meaning of Section 58A and 58AA of the Act and rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of the business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State Insurance, Income Tax, Sales Tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty were in arrears, as at 31st March, 2013 for a period of more than six months from the date of they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.
10. In our opinion the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. Based on our examination or the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi / Mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the said Order are not applicable to the Company.
14. During the year under audit, Company has not dealt or traded in shares, securities, debentures and other investments. Therefore we have no comments to offer under clause (xiv) of the Order.
15. According to the information and explanations given to us, the Company has not given any guarantee for Loans taken by others from bank or financial institutions.
16. The Company has not obtained any term loan during the year and therefore, we have no comments to offer under clause (xvi) of the Order.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion no funds raised on a short-term basis have not been used for long term investment and vice-a-versa, during the year.

18. The Company had issued 33,22,500 convertible warrants on preferential basis.

Details of allotment are as below:

S.No.	Name of the Party	Relation with the Company	No of Warrants
1	Mr. Ismail Memon	Chairman	14,29,600
2	Mr. Salim Memon	Promoter	18,92,900
		TOTAL	33,22,500

Subsequently the company forfeited the above said preferential warrants.

19. According to the information and explanations given to us, the Company has not issued any debentures during the year.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year and accordingly the provision of the relevant clause of the order is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Kiritkumar & Co.
Chartered Accountants**

**Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282W
Place: Ahmedabad
Date: 23rd May, 2013**

Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note	As at 31 st March, 2013	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
1. (a) Share Capital	1	204,700,000	209,700,000
(b) Reserves and Surplus	2	485,765,173	195,462,707
2. Non-Current Liabilities			
(a) Long Term Borrowings	3	192,895,120	336,166,980
(b) Deffered Tax Liabilities (Net)		2,118,994	3,218,067
(c) Long-Term Provisions	4	116,750	116,750
3. Current Liabilities			
(a) Short-Term Borrowings	5	--	600,000
(b) Trade Payables	6	2,229,724	8,982,689
(c) Other Current Liabilities	7	1,549,215	131,977
(d) Short-Term Provisions	8	13,540,307	13,170,580
TOTAL		902,915,284	767,549,749
II. ASSETS			
Non-Current Assets			
1. (a) Fixed Assets	9		
(i) Tangible Assets		441,305,203	429,498,640
(ii) Capital Work in Progress		101,775,299	127,689,913
(b) Non-Current Investments	10	1,655,000	1,655,000
(c) Long-Term Loans and Advances	11	2,273,165	2,438,634
2. Current Assets			
(a) Inventories	12	55,263,992	96,715,614
(b) Trade Receivables	13	194,512,266	28,248,087
(c) Cash and Cash Equivalents	14	5,248,121	3,414,066
(d) Short-Term Loans and Advances	15	94,738,716	64,449,305
(e) Other Current Assets	16	6,143,523	13,440,490
TOTAL		902,915,284	767,549,749
Significant Accounting Policies & Notes to Accounts	1 to 30		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 23rd May, 2013

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Babulal J. Hirani

Managing Director

Date : 23rd May, 2013

Place : Mumbai

Sd/-

Mohsin I Memon

Director

Profit and Loss Statement the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note	2012-2013	2011-2012
INCOME			
I. Revenue From Operations	17	586,964,203	85,879,548
II. Other Income	18	15,500,346	9,881,125
III. Total Revenue (I + II)		602,464,549	95,760,673
IV. EXPENDITURE			
Cost of Materials Consumed		--	--
Purchases of Stock-in-Trade		500,275,709	166,300,806
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock-in-Trade		41,451,622	-95,235,690
Employee Benefits Expense	19	8,978,561	3,341,040
Finance Costs	20	130,659	98,923
Depreciation and Amortization Expense	21	21,060,905	--
Other Expenses	22	22,909,843	5,713,514
Total Expenses		594,807,299	80,218,593
V. Profit Before Tax (– IV)		7,657,250	15,542,080
VI. Tax Expense :			
(1) Current Tax		1,459,089	3,453,515
(2) Deferred Tax		(1,099,073)	--
VII. Profit for the Year (V-VI)		7,297,234	12,088,565
VII Earnings per Equity Shares of Face			
I. Value of Rs. 10/- each			
Basic		0.36	0.59
Diluted		0.36	0.59
Significant Accounting Policies & Notes to Accounts	1 to 30		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.*Chartered Accountants*

Sd/-

Kirit Kumar

Proprietor

M. No. 038047**FRN : 132282 W****Date : 23rd May, 2013****Place : Ahmedabad**

Sd/-

Babulal J. Hirani

Managing Director

Date : 23rd May, 2013**Place : Mumbai**

Sd/-

Mohsin I Memon

Director

For and on behalf of the Board of Directors

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st March, 2013**(Amount in ₹)**

Particulars		2012 – 13	2011 – 2012
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax as per Profit and Loss Statement Balance	7,657,250	15,542,080
	Adjustment For :		
	Depreciation and Amortisation Expenses	21,060,905	--
	Finance Cost	130,659	1,432
	Interest on Fixed Deposits	-210,539	-714,687
	Loss on assets written off	--	--
	Operating Profit before Working Capital Changes	28,638,275	14,828,825
	Adjustment For :		
	(Increase)/Decrease in Trade Receivable	-166,264,178	-28,248,087
	(Increase)/Decrease in Inventories	41,451,622	-95,235,690
	(Increase)/Decrease in Other Current Assets	7,296,967	-12,529,890
	(Increase)/Decrease in Trade Payable	-6,752,964	8,546,686
	(Increase)/Decrease in Other Current Liabilities	1,417,238	-475,481
	(Increase)/Decrease in Short Term Provision	-1,089,362	1,904,366
	Changes in Working Capital	-123,940,678	-126,038,097
	Cash Generated From Operations	-95,302,403	-111,209,272
	Taxes Paid	--	--
	Net Cash Flow from Operating Activities	-95,302,403	-111,209,272
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	-6,952,854	-12,835,421
	Interest on Fixed Deposits	210,539	714,687
	Movement in Short Term Loan and Advances	-30,289,410	--
	Movement in Long Term Loans and Advances	165,469	-12,470,571
	Net Cash Used in Investing Activities	-36,866,256	-24,591,305
C)	CASH FLOW FROM FINANCE ACTIVITIES		
	Finance Cost	-130,659	-1,432
	Movement in Long Term Borrowing	-600,000	600,000
	Movement in Short Term Borrowings	-143,271,860	127,559,480
	Preference Share Redeem	-5,000,000	--
	Warrant issued and Forfeit	283,243,125	--
	Dividend undeclared and tax there on	475,846	--
	Dividend proposed and tax there on	-713,738	--
	Dividend Paid	--	-1,189,614
	Net Cash used in Financing Activities	134,002,714	126,968,434
	Net Cash Flow (A + B + C)	1,834,055	-8,832,143
	Cash & Cash Equivalents at the beginning of the year	3,414,066	12,246,209
	Cash & Cash Equivalents at the end of the year	5,248,121	3,414,066

As per our Report of even date

For Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282 W
Date : 23rd May, 2013
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Babulal J. Hirani
Managing Director

Sd/-
Mohsin I Memon
Director

Date : 23rd May, 2013
Place : Mumbai

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**1. SHARE CAPITAL****(Amount in ₹)**

	As at 31st March 2013		As at 31st March 2012	
	Number		Number	
SHARE CAPITAL				
<u>Authorised Share Capital</u>				
2,10,00,000 Equity Shares of Rs. 10/- each (P.Y.: 2,10,00,000 Equity Shares of Rs. 10/- each)	21,000,000	210,000,000	21,000,000	210,000,000
5,00,000 Preference Shares of Rs. 10/- each (P.Y.: 5,00,000 Equity Shares of Rs. 10/- each)	500,000	5,000,000	500,000	5,000,000
TOTAL	21,500,000	215,000,000	21,500,000	215,000,000
<u>Issued, Subscribed & Paid up :</u>				
2,04,70,000 Equity shares of Rs. 10/- each (P.Y.: 2,04,70,000 Equity Shares of Rs. 10/- each)	20,470,000	204,700,000	20,470,000	204,700,000
5,00,000 Preference Shares of Rs. 10/- each (8% Non-Cumulative Redeemable Preference Shares)* (P.Y.: 5,00,000 Preference Shares of Rs. 10/- each)	---	---	500,000	5,000,000
TOTAL	20,470,000	204,700,000	20,970,000	209,700,000

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

Particulars	Equity Shares	
	Number	(Amount in ₹)
Shares outstanding at the beginning of the year	20,470,000	204,700,000
Shares Issued during the year	--	--
Shares bought back during the year	--	--
Shares outstanding at the end of the year	20,470,000	204,700,000

1.2 * Preference Share have been redeemed during the current year

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

Name of Shareholders	As at 31st March 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Properties Private Limited	9,948,800	48.60%	9,948,800	48.60%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

2. RESERVE & SURPLUS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
RESERVE & SURPLUS		
A. Capital Reserve		
Opening Balance	62,400,000	62,400,000
(+) Share Warrant Forfeited	283,393,125	150,000
	345,793,125	62,550,000
B. Share Premium		
Consolidated Reserve	91,800,000	91,800,000
	91,800,000	91,800,000
C. Capital Redemption Reserve*		
Opening Balance	--	--
(+) Transfer from Profit and Loss Account	5,000,000	--
	5,000,000	
D. Profit & Loss Statement Balance		
Opening Balance	41,112,707	56,905,638
(+) Current Year Transfer	7,297,234	12,088,565
(-) Transfer to Capital Redemption Reserve	5,000,000	--
Proposed Dividend on Equity Shares		
[Dividend Per Share – 0.03 (Previous Year – 0.05/)]	614,100	1,023,500
Dividend Tax	99,638	166,114
Undeclared Dividend F.Y. 2011-2012**		
Dividend Undeclared	409,400	---
Tax on Dividend undeclared	66,446	---
Add: Profit & Loss Account (SATIL Division)	---	(26,691,882)
Closing Balance	43,172,048	41,112,707
TOTAL	485,765,173	195,462,707

2.1* Preference shares have been redeemed during the year, therefore the same amount has been transferred to Capital Redemption Reserve.

2.2** Dividend proposed in Board meeting was Rs. 0.05/- Share but declared by Shareholder Rs.0.03/ share during Annual General Meeting held on 29.09.2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**3 LONG TERM BORROWINGS****(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
LONG TERM BORROWINGS		
Unsecured		
(a) Loans and Advances from Related Parties		
KGN Industries Limited	192,895,120	239,966,980
Salim Memon	--	96,200,000
TOTAL	192,895,120	336,166,980

4. LONG TERM PROVISIONS**(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
LONG TERM PROVISIONS		
(a) Others		
Provision for Income Tax *	116,750	116,750
TOTAL	116,750	116,750

4.1 * Provisions for Income tax for the A.Y. 2000-01, 2001-02, 2002-03, 2003-04

5. SHORT TERM BORROWINGS**(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
SHORT TERM BORROWINGS		
Unsecured		
(a) Loans and Advances From Related Parties		
KGN Green Limited	--	300,000
KGN Proteins Limited	--	300,000
TOTAL	--	600,000

6. TRADE PAYABLE**(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
TRADE PAYABLE		
Sundry Creditors for Goods	--	91,708
Sundry Creditors for Seed	601,876	7,212,054
Others	1,627,848	1,678,927
TOTAL	2,229,724	8,982,689

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**7. OTHER CURRENT LIABILITIES (Amount in ₹)**

	As at 31 st March 2013	As at 31 st March 2012
<u>OTHER CURRENT LIABILITIES</u>		
<u>DUTIES AND TAXES</u>		
TDS Payable *	55,827	13,858
<u>OTHER LIABILITIES</u>		
Salary Payable	394,318	
Audit Fees Payable	170,100	99,000
Professional Tax	12,200	
Sundry Creditors for Projects	18,396	(370,006)
Sundry Creditors for Expense	71,892	340,991
Security Expenses	--	48,134
Others	826,482	
TOTAL	1,549,215	131,977

7.1 * Includes TDS U/s 194C, 194J, 194H & 192B

8. SHORT TERM PROVISIONS (Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>SHORT TERM PROVISIONS</u>		
(a) Provision for employee benefits		
Salary & Reimbursements		709,029
Contribution to PF		372
(b) Others		
Proposed Dividend	614,100	1,023,500
Dividend Distribution Tax	99,638	166,114
Provision for Expenses	8,666	
Provision for Telephone Expenses	3,499	
Provision for Audit fees	89,100	
Provision for Income Ttax*	11,266,215	11,266,215
Provisionfor Income Tax A.Y. 2013-14	1,459,089	
Professional Tax		5,350
TOTAL	13,540,307	13,170,580

8.1 * Provisions for Income Tax for the A.Y. 2010-11, A.Y. 2011-12 & A.Y. 2012-13

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

9. FIXED ASSETS

(Amount in ₹)

FIXED ASSETS		GROSS BLOCK		ACCUMULATED DEPRECIATION						NET BLOCK			
		Balance as at 1 st April 2012	Addition / (Disposal)	Acquired through Business Combina- -tions	Revalu- ations/ (Impair- ments)	Balance as at 31 st March 2013	Balance as at 1 st April, 2012	Depreciation charge for the year	Adjust- ment due to revalua- tions	On dispo- sals	Balance as at 31 st March 2013	Balance as at 31 st March 2013	Balance as at 31 st March 2012
a.	Tangible Assets												
	Land	26,604,136	2,505,191	--	--	29,109,327	--	--	--	--	--	29,109,327	26,604,136
	3.34% Building	173,694,660	5,285,794	--	--	178,980,454	32,362,135	2,909,733	--	--	35,271,868	143,708,587	141,332,525
	4.75% Plant and Equipment	342,632,372	24,657,124	--	--	367,289,496	90933,559	17,218,211	--	--	108,151,770	259,137,726	251,698,813
	6.33% Furniture and Fixtures	6,401,919	18,000	--	--	6,419,919	2,321,647	406,334	--	--	2,727,981	3,691,938	4,080,272
	9.50% Vehicles	2,070,913	--	--	--	2,070,913	615,502	162,796	--	--	778,298	1,292,615	1,455,411
	4.75% Office Equipment	3,941,396	316,406			4,257,802	290.155	231,421			521,576	3,736,226	3,651,241
	16.21% Computers	771,656	84,952			856,609	95,414	132,410			227,824	628,784	676,242
	TOTAL	556,117,052	32,867,468	--	--	588,984,520	126,618,412	21,060,905	--	--	147,679,317	441,305,203	429,498,640
c.													
	Capital Work in Progress	127,689,913	-25,914,614	--	--	101,775,299	--	--	--	--	--	101,775,299	127,689,913
	TOTAL	127,689,913	-25,914,614	--	--	101,775,299	--	--	--	--	--	101,775,299	127,689,913
	TOTAL	683,806,965	6,952,854	--	--	690,759,819	126,618,412	21,060,905	--	--	147,679,317	543,080,502	557,188,553

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

10. NON-CURRENT INVESTMENTS

(Amount in ₹)

	As at 31 st March 2013		As at 31 st March 2012	
	Number of Shares	Amount	Number of Shares	Amount
<u>NON-CURRENT INVESTMENTS</u>				
<u>A. OTHER INVESTMENTS</u>	--	--	--	--
<u>B. OTHER INVESTMENTS</u>				
(A) In Equity Shares of Subsidiary Companies – <u>UNQUOTED</u> , fully Paid up				
KGN Bio-Tech Limited	50,000	500,000	50,000	500,000
KGN Green Limited	50,000	500,000	50,000	500,000
KGN Oil & Gas Private Limited	10,000	100,000	10,000	100,000
KGN Proteins Limited	50,000	500,000	50,000	500,000
(B) National Saving Certificate	--	55,000	--	55,000
TOTAL (A + B)	160,000	1,655,000	160,000	1,655,000

11. LONG TERM LOANS AND ADVANCES

(Amount in ₹)

LONG TERM LOANS AND ADVANCES	As at 31st March 2013	As at 31st March 2012
a. Security Deposits		
Unsecured, Considered Good		
GEB Security Deposit	2,219,665	2,219,665
CR Gas Agency	2,000	2,000
Deposit for Mumbai Office	50,000	50,000
Vodafone Deposit	1,500	1,500
b. Others (Specity Nature)		
Unsecured, Considered Good		
Balance with Government Authority	--	165,469
TOTAL	2,273,165	2,438,634

12. INVENTORIES

(Amount in ₹)

	As at 31st March 2013	As at 31st March 2012
<u>INVENTORIES</u>		
Raw Material	4,613,916	16,983,218
Fuel	--	3,404,074
Finished Goods	50,272,776	76,328,322
Trading	377,300	--
TOTAL	55,263,992	96,715,614

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

13. TRADE RECEIVABLE

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
TRADE RECEIVABLE		
(Unsecured and Considered Good)		
Over Six Months	9,929,715	--
Other	184,582,551	28,248,087
TOTAL	194,512,266	28,248,087

14. CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
CASH AND CASH EQUIVALENTS		
a. Balance with banks		
b. Cash in hand	5,186,429	3,097,431
	61,692	316,635
TOTAL	5,248,121	3,414,066

15. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
SHORT-TERM LOANS AND ADVANCES		
a. Loans and Advances to Related parties		
KGN Bio-Tech Limited	48,058,751	45,742,299
KGN Oil & Gas Pvt. Ltd.	14,362,000	3,508,000
Others	1,099,050	586,650
b. Security Deposit		
Unsecured, Considered Good		
FDR Against Bank Guarantee for EPCG	355,304	353,999
FDR Against EPCG	5,805,179	5,750,384
Security Deposit for Export	300,000	300,000
c. Others		
Unsecured, Considered Good		
Balance with Government Authority	24,872,447	6,008,223
Advance Receivable in Cash	153,185	166,750
Advance for Project	-267,200	1,983,000
Other Advances	--	50,000
TOTAL	94,738,716	64,449,305

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**16. OTHER CURRENT ASSETS****(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
<u>OTHER CURRENT ASSETS</u>		
Income Receivable 2010-11	--	--
Input Vat Receivable	--	7,333,926
Duty Drawback Provision	30,724	--
TDS Receivable A.Y. 2012-13	6,235	--
Preoperating Expenses for Capitalisation	6,106,564	6,106,564
TOTAL	6,143,523	13,440,490

17. REVENUE FROM OPERATION**(Amount in ₹)**

	2012 - 13	2011 - 12
<u>REVENUE FROM OPERATION</u>		
Export Sales	38,737,538	--
Sales	548,226,665	85,879,548
TOTAL	586,964,203	85,879,548

18. OTHER INCOME**(Amount in ₹)**

	2012 - 13	2011 - 12
<u>OTHER INCOME</u>		
Govt. Credit of MGVCL	--	--
Interest Income	210,539	714,687
Rounding off	15,613	2,076
Duty Drawback for Export Goods	377,096	--
Foreign Exchange Gain	285,390	--
Other Income	14,611,707	9,164,362
TOTAL	15,500,346	9,881,125

19. EMPLOYEE BENEFITS EXPENSE**(Amount in ₹)**

	2012 - 13	2011 - 12
<u>EMPLOYEE BENEFITS EXPENSE</u>		
Salaries and Incentives	8,329,234	3,211,093
Salary of Director	475,000	--
Provident Fund Expenses	126,526	64,070
Staff Welfare Expenses	47,801	65,877
TOTAL	8,978,561	3,341,040

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2013**20. FINANCE COST****(Amount in ₹)**

	As at 31st March 2013	As at 31st March 2012
<u>FINANCE COST</u>		
Bank Charges	111,372	97,491
Interest Expenses*	19,287	1,432
TOTAL	130,659	98,923

* Includes interest paid on TDS and Vat amount

21. DEPRECIATION & AMORTISATION EXPENSES**(Amount in ₹)**

	2012 - 13	2011 - 12
<u>DEPRECIATION & AMORTISATION EXPENSES</u>		
Depreciation on Fixed Assets	21,060,905	--
TOTAL	21,060,905	--

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2013

22. OTHER EXPENSES

(Amount in ₹)

	2012 – 13	2011 – 2012
OTHER EXPENSES		
<u>MANUFACTURING EXPENSES</u>		
Boiler Expenses	1,004,982	--
Broking Expenses	6,771	24,716
Factory Expenses	1,313,465	441,052
Inward Freight Expenses	26,195	--
Laboratory & Testing Expenses	321,490	14,876
Loading & Forwarding Expenses	1,589,231	112,176
Oil Mill Expenses	552,719	186,232
Packing & Forwarding Expenses	809	--
Power & Fuel Expenses	6,166,089	1,391,586
Refinery Expenses	6,969	32,418
Solvent Plant Expenses	37,300	12,310
TOTAL (A)	11,026,021	2,215,366
<u>ADMINISTRATION EXPENSES</u>		
Advertisement Expenses	153,874	66,277
Annual Custody Fees	115,731	110,300
Audit Fees Expenses	115,500	99,000
Brokerage Expenses	333,164	--
Conveyance Expenses	1,703	--
Books & Periodicals	--	18,000
Computer & Printer Expenses	41,871	57,674
Conveyance Expenses	46,381	30,508
Donation Expenses	258,500	178,540
Export Related Expenses	1,820,246	--
Electricity Expenses	70,344	12,571
Income tax Expenses	--	1,314
Insurance Expenses	40,000	39,027
Rounding Off	--	1,187
Land Tax	55,812	268,210
Legal & Professional Fees	1,093,198	613,576
Listing Fees A/c.	236,706	183,754
Membership Fees Expenses	134,879	111,035
Miscellaneous Expenses	285,830	306,690
Office Expenses	104,789	206,280
Other Expenses	538,593	--
Petrol Expenses	188,405	119,309
Postage & Courier Expenses	29,522	32,832
Printing & Stationery Expenses	95,425	116,201
Rent & Reimbursement Expenses	4,200	22,160
Repair & Maintenance	26,610	9,281
ROC Expenses	27,088	37,536
Security Expenses	446,718	190,452
Telephone & Modem Expenses	232,121	86,794
Tractor Insurance	--	6,336
Transport Expenses	4,956,974	271,557
Travelling Expenses	422,929	265,397
Web Development Expenses	2,500	36,000
Weigh Bridge Expenses	4,200	350
(B)	11,883,822	3,498,148
TOTAL (A + B)	22,909,843	5,713,514

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

23. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
24. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2013. The adoption of Revised Schedule VI requirements has significantly modified the presentation of disclosure which have been within these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
25. Contingent Liability is not provided for is 'NIL'.
26. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
- 27. RELATED PARTY DISCLOSURES :**
As per Accounting Standard 18, the disclosures of transactions with the related parties are given below :

- i. List of Related Parties where control exists and Related Parties with whom transactions have been taken place and relationships :

S.No.	Name of Related Party	Relationship
1	KGN Greens Limited	Subsidiary Company
2	KGN Proteins Limited	Subsidiary Company
3	KGN Bio-Tech Limited	Subsidiary Company
4	KGN Oil & Gas Private Limited	Subsidiary Company
5	KGN Industries Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
	Key Managerial Persons	
6	Ismail Memon	Chairman
7	Babulal J Hirani	Managing Director
8	Mohsin Memon	Director
9	Salim Memon	Promoter

(i) Transaction during the year with Related Parties :

S.No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Greens Limited	Repayment of Loan	3,00,000/-	NIL
2	KGN Proteins Limited	Repayment of Loan	3,00,000/-	NIL
3	KGN Bio-Tech Limited	Loans Given	23,16,452/-	4,80,58,751/-
4	KGN Oil & Gas Private Limited	Loans Given	1,08,54,000/-	1,43,62,000/-
5	KGN Industries Limited	(a) Repayment of Loan (b) Preference share redeemed	4,70,71,860/- 50,00,000/-	19,28,95,120/- NIL
6	Ismail Memon	(a) Warrant Issued & Forfeited (b) Director Remuneration	12,18,74,000/- 3,00,000/-	NIL
7	Salim Memon	Warrant Issued & Forfeited	16,13,69,125/-	NIL
8	Babula J Hirani	Director Remuneration	1,00,000/-	
9	Mohsin Memon	Director Remuneration	75,000/-	

28. DETAILS OF PAYMENT TO THE AUDITOR:

Payment to the Auditor	2012-2013	2011-2012
a. For Statutory Audit	50,000	50,000
b. For Tax Audit	30,000	30,000
c. For Consulting Fees	19,000	19,000
d. Cost Audit Fees	16,500	NIL

29 . SHARE WARRANT ISSUED AND FORFIETED DURING THE YEAR:

S.No.	Name of Person	No of Warrant Issued	Amount of Forfeiture
1	Mr. Ismail Memon	14,29,600	12,18,73,400/-
2	Mr. Salim Memon	18,92,900	16,13,69,725/-

For Kirit & Co.

Chartered Accountant

Sd/-**Kirit Kumar**

Proprietor

M.No. 038047

FRN: 132282W

Place: Ahmedabad

Date: 23rd May, 2013**For and on behalf of the Board of Director****Sd/-****Babulal J Hirani**

Managing Director

Sd/-**Mohsin I Memon**

Director

30. SIGNIFICANT ACCOUNTING POLICIES :**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

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

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

4. DEPRECIATION:

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

5. INVESTMENTS:

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

6. INVENTORIES:

- (i) Valuation of Inventories is inclusive of Taxes or Duties incurred and on FIFO basis except otherwise stated.
- (ii) Finished Stocks are being valued at direct cost or net realizable value whichever is lower.

7. PRELIMINARY EXPENDITURE:

Preliminary Expenses is to be written off in equal installment over 5 years from the date of their incurrence. There is no preliminary expenses.

8. REVENUE RECOGNITION:

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

9. TAXES ON INCOME:

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

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

11. BORROWING COSTS

The Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for its intended use. All other Borrowing Costs are charged to Profit & Loss Account. There are no borrowing costs during the year.

12. IMPAIRMENT OF ASSETS

Consideration is given at each Balance Sheet date to determine whether there is any indication of Impairment of the Carrying Amount of the Company's Fixed Assets. If any indication exist, an asset's recoverable is estimated. An Impairment loss is recognized whenever Carrying Amount of an assets exceeds its Recoverable Amount. An asset is treated as impaired when the carrying cost exceeds its recoverable value.

There is no Impairment of assets during the year.

13. FOREIGN CURRENCY TRANSACTIONS:

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of Transactions.

- ii. Monetary Items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognized in the Profit and Loss Account.
- iii. In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognized as exchange difference.
- iv. In respect of hedging transactions, the premium/discount represented by difference between the exchange rate as the date of inception of the forward exchange contract and forward rate specified in the contract is amortized as expense or income over the life of the contract.

14. GENERAL ACCOUNTING POLICIES

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

For Kirit & Co.

Chartered Accountant

Sd/-

Kirit Kumar

Proprietor

M.No. 038047

FRN: 132282W

Place : Ahmedabad

Date 23rd May, 2013

For and on behalf of the Board of Director

Sd/-

Babulal J Hirani

Managing Director

Sd/-

Mohsin I Memon

Director

Place : Mumbai

Date 23rd May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

1.	Name Of The Subsidiary	KGN Bio-Tech Limited	KGN Green Limited	KGN Protein Limited	KGN Oil & Gas Private Limited
2.	Financial Year of Subsidiary Company	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
3.	Number of Shares held in Subsidiary Company on the above date	49,994	49,994	49,994	9,999
4.	Extent of share holding interest (in %)	99.99%	99.99%	99.99%	99.99%
The Net Aggregate of Profits less losses of the Subsidiary Company as far as its concerns the members of the Holding Company					
Not dealt with in the Holding Company's Accounts :					
a)	For the Financial Year of the	N.A.	N.A.	N.A.	N.A.
b)	For the Previous Financial Years, Since it became Holding Company's Subsidiary	N.A.	N.A.	N.A.	N.A.
Not dealt with in the Holding Company's Accounts :					
a)	For the Financial Year of the Subsidiary	41,150	2,731	2,690	1,891
b)	For the Previous Financial Years, Since it became Holding Company's Subsidiary	20,624	88,787	99,803	101,821
c)	Material Changes between the end of the Financial Years of the Subsidiary and Holding Companies.				

For and on behalf of the Board of Directors

Sd/-
Babulal J. Hirani
Managing Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN ENTERPRISES LIMITED,

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

For Kirit & Co.

Chartered Accountant

Sd/-

Kirit Kumar

Proprietor

M.No. 038047

FRN: 132282W

Place: Ahmedabad

Date: 23rd May, 2013

KGN ENTERPRISES LIMITED

Consolidated Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note	As at 31 st March, 2013	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	1	204,700,000	209,700,000
(b) Reserves and Surplus	2	486,091,803	195,740,874
2. Non-Current Liabilities			
(a) Long Term Borrowings	3	192,895,120	336,166,980
(b) Deffered Tax Liabilities (Net)	4	2,118,994	3,218,067
(c) Long-Term Provisions	5	116,750	116,750
3. Current Liabilities			
(a) Trade Payables	6	12,342,123	17,450,065
(b) Other Current Liabilities	7	4,699,147	1,062,011
(c) Short-Term Provisions	8	13,579,118	13,328,805
TOTAL		916,543,055	776,783,552
II. ASSETS			
Non-Current Assets			
1. (a) Fixed Assets	9		
(i) Tangible Assets		457,875,146	441,438,967
(ii) Capital Work in Progress		163,270,053	156,913,800
(b) Non-Current Investments	10	55,000	55,000
(c) Long-Term Loans and Advances	11	2,273,165	2,438,634
(d) Other Non-Current Assets	12	53,978	80,969
2. Current Assets			
(a) Inventories	13	61,839,295	100,765,588
(b) Trade Receivables	14	176,360,134	30,375,043
(c) Cash and Cash Equivalents	15	8,681,067	6,901,548
(d) Short-Term Loans and Advances	16	39,409,668	22,028,886
(e) Other Current Assets	17	6,725,550	15,785,117
TOTAL		916,543,055	776,783,552
Significant Accounting Policies & Notes to Accounts	1 to 30		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.

For and on behalf of Board of Directors

Chartered Accountants

Sd/-

Kirit Kumar

Babulal J. Hirani

Mohsin I Memon

Proprietor

Managing Director

Director

M. No. 038047

FRN : 132282 W

Date : 23rd May, 2013Date : 23rd May, 2013

Place : Ahmedabad

Place : Mumbai

Consolidated Profit and Loss Statement Balance for the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note	2012-2013	2011-2012
INCOME			
I. Revenue From Operations	18	590,284,926	111,605,238
II. Other Income	19	15,577,386	10,052,454
III. Total Revenue (I + II)		605,862,312	121,657,692
IV. EXPENDITURE			
Purchases of Stock-in-Trade		503,825,176	194,975,659
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock-in-Trade		38,926,294	--99,285,665
Employee Benefits Expense	20	8,978,561	3,527,163
Finance Costs	21	130,659	104,465
Depreciation and Amortization Expense	22	21,087,895	26,990
Other Expenses	23	25,186,340	6,297,739
Total Expenses		598,134,925	105,646,351
V. Profit Before Tax (III – IV)		7,727,387	16,011,341
VI. Tax Expense :			
(1) Current Tax		1,480,764	3,611,740
(2) Deferred Tax		-1,099,073	--
VII. Profit for the Year (V-VI)		7,345,696	12,399,601
VIII. Earnings per Equity Shares of Face Value of Rs. 10/- each			
Basic		0.36	0.61
Diluted		0.36	0.61
Significant Accounting Policies & Notes to Accounts	1 to 30		

The Accompanying notes are an Integral part of Financial Statements

As per our Report of even date

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 23rd May, 2013

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Babulal J. Hirani

Managing Director

Sd/-

Mohsin I Memon

Director

Date : 23rd May, 2013

Place : Mumbai

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st March 2013

(Amount in ₹)

Particulars		2012 – 13	2011 – 2012
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax as per Profit and Loss Statement Balance	7,727,387	16,011,341
	Adjustment For :		
	Depreciation and Amortisation Expenses	21,087,895	1,388,989
	Finance Cost	130,659	5,178
	Interest on Fixed Deposits	-241,062	-886,016
	Loss on assets written off	--	--
	Operating Profit before Working Capital Changes	28,704,880	16,519,492
	Adjustment For :		
	(Increase)/Decrease in Inventory	38,926,294	-99,285,665
	(Increase)/Decrease in Trade Receivable	-145,985,091	-30,375,043
	(Increase)/Decrease in Other Current Assets	9,059,567	-14,702,540
	(Increase)/Decrease in Trade Payable	-5,107,942	16,985,355
	(Increase)/Decrease in Other Current Liabilities	3,637,136	390,875
	(Increase)/Decrease in Short Term Provisions	-1,944,189	714,751
	Changes in Working Capital	-101,414,226	-126,272,266
	Cash Generated From Operations	-72,709,346	-109,752,774
	Taxes Paid	--	--
	Net Cash Flow from Operating Activities	-72,709,346	-109,752,774
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	-43,853,336	-51,631,524
	Movement in Short Term Loan and Advances	165,469	-165,469
	Movement in Long Term Loans and Advances	-17,380,782	22,301,718
	Interest and Dividend Income	241,062	886,016
	Net Cash Used in Investing Activities	-60,827,587	-28,509,259
C)	CASH FLOW FROM FINANCE ACTIVITIES		
	Finance Cost	-130,659	-5,178
	Movement in Short Term Borrowings	-143,271,860	127,549,480
	Proceeds from Deposit	2,000,000	1,000,000
	Warrant issued and Forfeited	283,243,125	--
	Preference Share Redeemed	-5,000,000	--
	Dividend proposed and tax there on	475,846	--
	Net Cash used in Financing Activities	137,316,452	128,544,302
	Net Cash Flow (A + B + C)	3,779,519	-9,717,731
	Cash & Cash Equivalents at the beginning of the year	4,901,548	14,619,279
	Cash & Cash Equivalents at the end of the year	8,681,067	4,901,548

As per our Report of even date

For Kirit & Co.
Chartered Accountants

For and on behalf of the Board of Directors

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

Sd/-
Babulal J. Hirani
Managing Director

Sd/-
Mohsin I Memon
Director

Date : 23rd May, 2013
Place : Ahmedabad

Date : 23rd May, 2013
Place : Mumbai

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

1. SHARE CAPITAL

(Amount in ₹)

	As at 31 st March 2013		As at 31 st March 2012	
	Number		Number	
SHARE CAPITAL				
<u>Authorised Share Capital</u>				
2,10,00,000 Equity Shares of Rs. 10/- each (P.Y.: 2,10,00,000 Equity Shares of Rs. 10/- each)	21,000,000	210,000,000	20,700,000	207,000,000
5,00,000 Preference Shares of Rs. 10/- each (P.Y.: 5,00,000 Equity Shares of Rs. 10/- each)	--	--	500,000	5,000,000
TOTAL	21,000,000	210,000,000	21,200,000	212,000,000
<u>Issued, Subscribed & Paid up :</u>				
2,04,70,000 Equity shares of Rs. 10/- each (P.Y.: 2,04,70,000 Equity Shares of Rs. 10/- each)	20,470,000	204,700,000	20,470,000	204,700,000
5,00,000 Preference Shares of Rs. 10/- each (8% Non-Cummulative Redeemable Preference Shares)* (P.Y.: 5,00,000 Preference Shares of Rs. 10/- each)	---	---	500,000	5,000,000
TOTAL	20,470,000	204,700,000	20,970,000	209,700,000

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

Particulars	Equity Shares	
	Number	(Amount in ₹)
Shares outstanding at the beginning of the year	20,470,000	204,700,000
Shares Issued during the year	--	--
Shares bought back during the year	--	--
Shares outstanding at the end of the year	20,470,000	204,700,000

1.2 * Preference Share have been Redeemed during the current year

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

Name of Shareholders	As at 31 st March 2013		As at 31 st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Properties Private Limited	9,948,800	48.60%	9,948,800	48.60%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

2. RESERVE & SURPLUS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
RESERVE & SURPLUS		
A. Capital Reserve		
Opening Balance	62,400,000	62,400,000
(+) Share Forfeited Account Balance	283,393,125	150,000
	345,793,125	62,550,000
B. Share Premium	91,800,000	91,800,000
	91,800,000	91,800,000
C. Capital Redemption Reserve*	--	--
Opening Balance	5,000,000	--
(+) Transfer from Profit and Loss Account	5,000,000	
D. Profit & Loss Statement Balance	68,082,756	56,872,769
Opening Balance	7,345,696	12,399,601
(+) Current Year Transfer	5,00,000	--
(-) Transfer to Capital Redemption Reserve		
Proposed Dividend on Equity Shares	614,100	1,023,500
[Dividend Per Share – 0.03 (Previous Year – 0.05/)]	99,638	166,114
Dividend Tax		
Undeclared Dividend F.Y. 2011-2012**	409,400	---
Dividend Undeclared	66,446	---
Tax on Dividend undeclared		
Closing Balance	70,190,560	68,082,756
E. Profit & Loss Account (SATIL Division)	-26,691,882	-26,691,882
	-26,691,882	-26,691,882
TOTAL	486,091,803	195,740,874

2.1* Preference shares have been redeemed during the year, therefore the same amount has been transferred to Capital Redemption Reserve.

2.2** Dividend proposed in Board meeting was Rs. 0.05/- Share but declared by Shareholder Rs.0.03/ share during annual general meeting held on 29.09.2012

3 LONG TERM BORROWINGS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
LONG TERM BORROWING S		
Unsecured		
(a) Loans and Advances from Related Parties		
KGN Industries Limited	192,895,120	239,966,980
Salim Memon	--	96,200,000
TOTAL	192,895,120	336,166,980

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

4. DEFERRED TAX LIABILITIES

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>DEFERRED TAX LIABILITIES</u>		
Opening Balance	3,218,067	3,218,067
Add : During the Year	(1,099,073)	--
TOTAL	2,118,994	3,218,067

5. LONG TERM PROVISIONS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>LONG TERM PROVISIONS</u>		
(a) Others		
Provision for Income Tax *	116,750	116,750
TOTAL	116,750	116,750

5.1 * Provisions for Income tax for the A.Y. 2000-01, 2001-02, 2002-03, 2003-04

6. TRADE PAYABLE

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>TRADE PAYABLE</u>		
Sundry Creditors for Goods	--	91,708
Sundry Creditors for Seed	601,876	15,639,369
Sundry Creditor for Services	10,112,399	--
Others	1,627,848	1,718,989
TOTAL	12,342,123	17,450,065

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>OTHER CURRENT LIABILITIES</u>		
Legal Charges Payable	5,618	5,618
Audit Fees Payable	204,814	138,534
Salary Payable	394,318	--
TDS Payable *	2,622,685	17,383
Professional Tax	12,200	--
Sundry Creditors for Expense	614,633	1,222,348
Sundry Creditors for Projects	18,396	(370,006)
Security Expenses	--	48,134
Others	826,482	--
TOTAL	4,699,147	1,062,077

7.1 * Includes TDS U/s 194C, 194J & 192B

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

8. SHORT TERM PROVISIONS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>SHORT TERM PROVISIONS</u>		
(a) Provision for employee benefits		
Salary & Reimbursements	--	709,029
Contribution to PF	--	372
(b) Others		
Proposed Dividend	614,100	1,023,500
Dividend Distribution Tax	99,638	166,114
Provision for Expenses	8,666	--
Provision for Audit fees	89,100	--
Provision for Telephone Expenses	3,499	--
Provision for Income Tax*	11,283,351	11,424,440
Provision for Income Tax A.Y. 2012-13	1,480,764	--
Professional Tax	--	5,350
TOTAL	13,579,118	13,328,805

8.1 * Provisions for Income Tax for the A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

9. FIXED ASSETS

(Amount in ₹)

	FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION						NET BLOCK	
		Balance as at 1 st April 2012	Addition / (Disposal)	Acquired through Business Combinations	Revaluations/ (Impairments)	Balance as at 31 st March 2013	Balance as at 1 st April, 2012	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 st March 2013	Balance as at 31 st March 2013	Balance as at 31 st March 2012
a.	Tangible Assets												
	Land	26,604,136	2,505,191	--	--	29,109,327	--	--	--	--	--	29,109,327	26,604,136
3.34%	Building	173,694,660	5,285,794	--	--	178,980,454	32,362,135	2,909,733	--	--	35,271,868	143,708,587	141,332,525
4.75%	Plant and Equipment	353,530,700	29,081,953	--	--	382,612,653	90,933,559	17,218,211	--	--	108,151,770	274,460,882	262,597,141
6.33%	Furniture and Fixtures	6,401,919	18,000	--	--	6,419,919	2,321,647	406,334	--	--	2,727,981	3,691,938	4,080,272
9.50%	Vehicles	2,070,913	--	--	--	2,070,913	615,502	162,796	--	--	778,298	1,292,615	1,455,411
4.75%	Office Equipment	4,029,995	521,193	--	--	4,551,188	290,155	231,421	--	--	521,576	4,029,612	3,739,840
16.21%	Computers	1,725,056	84,952	--	--	1,810,009	95,414	132,410	--	--	227,824	1,582,184	1,629,642
	TOTAL	568,057,379	37,497,084	--	--	605,554,463	126,618,412	21,060,905	--	--	147,679,317	457,875,146	441,438,967
c.	Capital Work in Progress												
	Capital Work in Progress	156,913,800	6,356,253	--	--	163,270,053	--	--	--	--	--	163,270,053	156,913,800
	TOTAL	156,913,800	6,356,253	--	--	163,270,053	--	--	--	--	--	163,270,053	156,913,800
	TOTAL	724,971,179	43,853,336	--	--	768,824,515	126,618,412	21,060,905	--	--	147,679,317	621,145,198	598,352,767

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

10. NON-CURRENT INVESTMENTS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>NON-CURRENT INVESTMENTS</u>		
<u>A. OTHER INVESTMENTS</u>		
National Saving Certificate	55,000	55,000
TOTAL (A + B)	55,000	55,000

11. LONG TERM LOANS AND ADVANCES

(Amount in ₹)

LONG TERM LOANS AND ADVANCES	As at 31 st March 2013	As at 31 st March 2012
a. Security Deposits		
Unsecured, Considered Good		
GEB Security Deposit	2,219,665	2,219,665
CR Gas Agency	2,000	2,000
Deposit for Mumbai Office	50,000	50,000
Vodafone Deposit	1,500	1,500
b. Others (Specity Nature)		
Unsecured, Considered Good		
Balance with Government Authority	--	165,469
TOTAL	2,273,165	2,438,634

12. OTHER ON-CURRENT ASSETS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>OTHER ON-CURRENT ASSETS</u>		
Preliminary Expenses not Written Off	53,978	80,969
TOTAL	53,978	80,969

13. INVENTORIES

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>INVENTORIES</u>		
Raw Material	4,691,848	17,437,024
Fuel	--	3,404,074
Finished Goods	56,770,146	79,924,491
Trading	377,300	--
TOTAL	61,839,295	100,765,588

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**14. TRADE RECEIVABLE**

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>TRADE RECEIVABLE</u> (Unsecured and Considered Good)		
Over Six Months	10,333,815	1,206,086
Other	166,026,320	29,168,057
TOTAL	176,360,134	30,375,043

15. CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>CASH AND CASH EQUIVALENTS</u>		
a. Balance with banks	8,511,057	4,509,956
b. Cash in hand	170,010	391,592
c. Fixed Deposit with Banks	--	2,000,000
TOTAL	86,81,067	6,901,548

16. SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>SHORT-TERM LOANS AND ADVANCES</u>		
a. Loans and Advances to Related parties		
Others	1,099,050	586,650
b. Security Deposit		
Unsecured, Considered Good		
Deposit with Revenue Authority	140,000	50,000
FDR Against Bank Guarantee for EPCG	355,304	353,999
FDR Against EPCG	5,805,179	5,750,384
N.S.C. Deposit for Export	60,000	60,000
Security Deposit for Export	300,000	300,000
c. Others		
Unsecured, Considered Good		
Balance with Government Authority	25,970,738	7,076,983
Advance Receivable in Cash	153,185	166,750
Service Tax Input Credit	2,815,407	--
Duty Drawback Receivable	21,769	--
VAT Refund	1,609,515	--
Advance for Project	1,054,521	7,150,520
Other Advances	25,000	533,600
TOTAL	39,409,668	22,028,886

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**17. OTHER CURRENT ASSETS**

(Amount in ₹)

	As at 31 st March 2013	As at 31 st March 2012
<u>OTHER CURRENT ASSETS</u>		
Input Vat Receivable	--	8,943,441
Duty Drawback Provision	30,724	--
Interest Receivable on Fixed Deposit	--	153,085
TDS Receivable A.Y. 2012-13	6,235	--
Preliminary Expenses Written Off	26,900	26,989
Preoperating Expenses for Capitalisation	6,661,601	6,661,601
TOTAL	6,725,550	15,785,117

18. REVENUE FROM OPERATION

(Amount in ₹)

	2012 - 2013	2011 -20 12
<u>REVENUE FROM OPERATION</u>		
Export Sales	43,714,680	--
Sales	546,534,937	111,605,238
Other Operating Income	35,310	--
TOTAL	590,284,926	111,605,238

19. OTHER INCOME

(Amount in ₹)

	2012 - 2013	2011 -20 12
<u>OTHER INCOME</u>		
Duty Drawback Income	423,872	--
Foreign Exchange Gain	285,390	--
Interest Income	241,062	886,016
Kasar & Vatav	15,354	2,076
Other Income	14,611,707	9,164,362
TOTAL	15,577,386	10,052,454

20. EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

	2012 - 2013	2011 -20 12
<u>EMPLOYEE BENEFITS EXPENSE</u>		
Salaries and Incentives	8,329,234	3,463,093
Salary of Director	475,000	--
Provident Fund Expenses	126,526	64,070
Staff Welfare Expenses	47,801	--
TOTAL	8,978,561	3,527,163

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013**21. FINANCE COST****(Amount in ₹)**

	2012 - 2013	2011 -20 12
<u>FINANCE COST</u>		
Bank Charges	111,372	99,287
Interest Expenses*	19,287	5,178
TOTAL	130,659	104,465

* Includes interest paid on TDS and Vat

22. DEPRECIATION & AMORTISATION EXPENSES**(Amount in ₹)**

	2012 - 2013	2011 -20 12
<u>DEPRECIATION & AMORTISATION EXPENSES</u>		
Preliminary Expenses Written off during the year	26,990	26,990
Depreciation for the year	21,060,905	-
TOTAL	21,087,895	26,990

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2013

23. OTHER EXPENSES

(Amount in ₹)

	2012 – 13	2011 – 2012
OTHER EXPENSES		
<u>MANUFACTURING EXPENSES</u>		
Boiler Expenses	1,004,982	--
Broking Expenses	6,771	24,716
Diesel Expenses	--	7,260
Factory Expenses	1,575,402	454,807
Freight Inward Expenses	35,455	8,683
Insurance Charges	15,000	--
Laboratory & Testing Expenses	455,096	44,775
Labour Charges	--	105,587
Loading & Forwarding Expenses	1,609,941	112,176
Oil Mill Expenses	552,719	186,232
Packing & Forwarding Expenses	809	--
Power & Fuel Expenses	6,166,089	1,384,326
Refinery Expenses	6,969	32,418
Solvent Plant Expenses	37,300	12,310
TOTAL	11,463,533	2,373,270
<u>ADMINISTRATION EXPENSES</u>		
Advertisement Expenses	153,874	66,277
Annual Custody Fees	115,731	110,300
Audit Fees Expenses	138,534	122,034
Bad Debts Written off	329	--
Bank Related Charges	12,780	--
Bank Commission	24,223	--
Brokerage & Commission	335,495	--
Books & Periodicals	--	18,000
Computer & Printer Expenses	41,871	57,674
Conveyance Expenses	49,349	127,138
Diesel Expenses	--	15,172
Donation Expenses	258,500	178,540
Export Related Expenses	2,122,867	--
Expenses Written Off	--	--
Electricity Expenses	70,344	12,571
Food & Refreshment Expenses	491	27,440
Freight outward Expenses	5,000	--
Franking & Stamping Expenses	--	110
Hotel Club & Hospitality Expenses	--	31,256
Interest on TDS	301	--
Income tax Expenses	--	1,314
Insurance Expenses	40,000	105,208
Rounding Off	--	1,187
Land Tax	55,812	53,150
Legal & Professional Fees	1,095,445	625,459
Liaisoning Expenses	--	8,000
License Fees	--	2,125
Listing Fees A/c.	236,706	183,754
Loss on Assets	--	--
Market Cess	--	155,060
Medical Expenses	--	7,181
Membership Fees Expenses	136,879	117,653
Miscellaneous Expenses	285,830	306,690
Mod Charges	2,000	--
Office Expenses	140,598	217,975
Other Expenses	538,593	--
Petrol Expenses	188,405	144,184
Postage & Courier Expenses	32,659	32,832
Printing & Stationery Expenses	100,225	117,451
Property Tax	--	60,000
Registration Fees Expenses	90,290	--
Rent & Reimbursement Expenses	4,200	22,160
Repair & Maintenance	26,610	--
ROC Expenses	37,023	47,290
Security Expenses	827,742	217,076
Stamping Expenses	300	5,000
Telephone & Modem Expenses	257,831	104,526
Tractor Insurance	--	6,336
Transport Expenses	5,863,040	271,557
Travelling Expenses	426,229	291,658
VAT Audit Fees	--	7,500
Vehicle Expenses	--	9,281
Web Development Expenses	2,500	36,000
Weigh Bridge Expenses	4,200	350
(B)	13,722,807	3,924,469
TOTAL (A + B)	25,186,340	6,297,739

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

- 24.** In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate Provisions, have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
- 25.** The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2013. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which has been within these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
- 26.** Contingent Liability is not provided for is 'NIL'.
- 27.** All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.

28. RELATED PARTY DISCLOSURE:

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

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

S.No.	Name of Related Party	Relationship
1	KGN Greens Limited	Subsidiary Company
2	KGN Proteins Limited	Subsidiary Company
3	KGN Bio-Tech Limited	Subsidiary Company
4	KGN Oil & Gas Private Limited	Subsidiary Company
5	KGN Industries Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
	Key Managerial Persons	
6	Ismail Memon	Chairman
7	Salim Memon	Promoter
8	Babulal J Hirani	Managing Director
9	Mohsin Memon	Director

(ii) Transaction during the year with Related Parties :

S. No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Greens Limited	Repayment of Loan	3,00,000/-	NIL
2	KGN Proteins Limited	Repayment of Loan	3,00,000/-	NIL
3	KGN Bio-Tech Limited	Loans Given	23,16,452/-	4,80,58,751/-
4	KGN Oil & Gas Private Limited	Loans Given	1,08,54,000/-	1,43,62,000/-
5	KGN Industries Limited	(a) Repayment of Loan	4,70,71,860/-	19,28,95,120/-
		(b) Preference share redeemed	50,00,000/-	NIL
6	Ismail Memon	(a) Warrant Issued & Forfeited	12,18,74,000/-	NIL
		(b) Director Remuneration	3,00,000/-	
7	Salim Memon	Warrant Issued & Forfeited	16,13,69,125/-	NIL
8	Babula J Hirani	Director Remuneration	1,00,000/-	
9	Mohsin Memon	Director Remuneration	75,000/-	

29. Payment to the Auditor

	2012-2013	2011-2012
e. For Statutory Audit	73,034	72,472
f. For Tax Audit	30,000	30,000
g. For Consulting Fees	19,000	19,562
h. Cost Audit Fees	16,500	-

30 . SHARE WARRANT ISSUED AND FORFIETED DURING THE YEAR:

S.No.	Name of Person	No of Warrant Issued	Amount of Forfeiture
1	Ismail Memon	14,29,600	12,18,73,400
2	Salim Memon	18,92,900	16,13,69,725

For Kirit & Co.
Director

Chartered Accountant

Sd/-

Kirit Kumar
Proprietor
M.No. 038047
FRN: 132282W

Place : Ahmedabad
Date: 23rd May, 2013

For and on behalf of the Board of

Sd/-

Babulal J Hirani
Managing Director

Place : Mumbai
Date: 23rd May, 2013

Sd/-

Mohsin I Memon
Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

30. SIGNIFICANT ACCOUNTING POLICIES:

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

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

2. **USE OF ESTIMATES:**

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

3. **FIXED ASSETS:**

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

4. **DEPRECIATION:**

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

5. **INVESTMENTS:**

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

6. **INVENTORIES:**

- i. Valuation of Inventories is inclusive of Taxes or Duties incurred and on FIFO basis except otherwise stated.
- ii. Finished Stocks are being valued at direct cost or net realizable value whichever is lower.

7. **PRELIMINARY EXPENDITURE:**

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

8. REVENUE RECOGNITION:

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

9. TAXES ON INCOME:

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

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of the estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

There are no such liabilities during the year.

11. BORROWING COSTS

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

There are no borrowing costs during the year.

12. IMPAIRMENT OF ASSETS

Consideration is given at each Balance Sheet date to determine whether there is any indication of Impairment of the Carrying Amount of the Company's Fixed Assets. If any indication exist, an asset's recoverable is estimated. An Impairment loss is recognized whenever Carrying Amount of an assets exceeds its Recoverable Amount. An asset is treated as impaired when the carrying cost exceeds its recoverable value.

There is no Impairment of assets during the year.

13. FOREIGN CURRENCY TRANSACTIONS:

- v. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of Transactions.
- vi. Monetary Items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognized in the Profit and Loss Account.

- vii. In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognized as exchange difference.
- viii. In respect of hedging transactions, the premium/discount represented by difference between the exchange rate as the date of inception of the forward exchange contract and forward rate specified in the contract is amortized as expense or income over the life of the contract.

14. GENERAL ACCOUNTING POLICIES

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

For Kirit & Co.

Chartered Accountant

For and on behalf of the Board of Director

Sd/-

Kirit Kumar

Proprietor

M.No. 038047

FRN: 132282W

Place : Ahmedabad

Date: 23rd May, 2013

Sd/-

Babulal J Hirani

Managing Director

Place : Mumbai

Date: 23rd May, 2013

Sd/-

Mohsin I Memon

Director

DETAILS OF SUBSIDIARY COMPANY 2012-2013

Name of the Subsidiary	KGN Bio-tech Limited	KGN Green Limited	KGN Proteins Limited	KGN Oil & Gas Pvt. Ltd.
Financial Year Ends on	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
Share Capital	500,000	500,000	500,000	100,000
Reserves	51,499	86,018	96,992	92,116
Borrowings	48,058,751	--	--	14,362,000
Other Liabilities	24,559,470	204,631	329,300	12,707,620
Total Liabilities	73,169,721	790,469	926,292	27,261,736
Cash & Cash Equivalents	1,889,903	700,494	761,916	80,630
Loans & Advances	4,117,016	70,000	70,000	2,834,687
Other Assets	67,162,801	20,155	94,375	24,346,419
Total Assets	73,169,721	790,649	926,292	27,261,736
Turnover	56,944,182	17,854	17,854	24,925
Total Income	56,996,556	17,854	17,456	24,925
Employee Benefit Expenses	--	--	--	--
Depreciation & Amortisation Expenses	11,637	6,718	6,018	2,617
Other Expense	56,925,367	7,182	7,543	19,570
Total Expenses	56,937,004	13,900	13,561	22,187
Profit before Taxation	59,551	3,953	3,895	2,737
Profit After Taxation	18,401	1,222	1,205	847
Proposed Dividend	41,150	2,731	2,690	1,890
Basic (E.P.S.)	--	--	--	--
Diluted (E.P.)	0.82	0.05	0.05	0.19
	0.82	0.05	0.05	0.19

For and on behalf of the Board of Directors

Sd/-
 Babulal J. Hirani
 Managing Director

KGN ENTERPRISES LIMITED

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

ATTENDANCE SLIP

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

Folio N0.: _____

DP/Client ID No.: _____ **No of Shares Held.:** _____

I/We _____ hereby record my/our presence at the 19th Annual General Meeting of the Company held on Saturday, 28th day of September, 2013 at 12.00 p.m. at , Bombay YMCA , Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001.

Signature of the Member / Proxy

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

KGN ENTERPRISES LIMITED

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

PROXY FORM

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

Folio N0.: _____

DP/Client ID No.: _____ **No of Shares Held.:** _____

I/We _____ of _____ being member(s) of KGN Enterprises Limited, hereby appoint _____ of _____ or failing him/her, _____ of _____ as my/our proxy to attend and vote for me/ us on my/ our behalf at the 19th Annual General Meeting of the Company held on Saturday, 28th day of September, 2013 at 12.00 p.m. at, Bombay YMCA , Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001. and at any adjournment thereof.

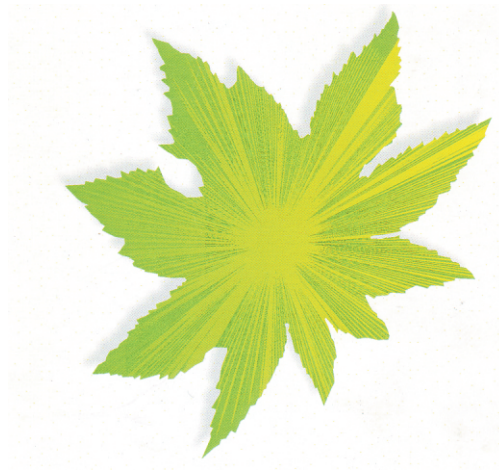
Signed this _____ day of _____ 2013.

Signature _____

Affix
Revenue
Stamp

Notes:

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



KGN ENTERPRISES LTD.

REGISTERED OFFICE:

23, Vaswani Mansion,
4th Floor, Dinsha - Vachha Road,
Opp. K.C. Collge,
Churchgate,
Mumbai - 400020 (India).

Phone No. : + 91 - 022 - 66541101/2/3
Fax : + 91 - 22 - 6654111

FACTORY:

Block No, 315,316/1,318,
Kheda - Dholka Highway,
Village Hariyala, Dist. Kheda,
Pin : 387 411
Gujarat (India).

Phone No. : + 91 - 694 - 291042/43.224461
Fax : + 91-2694-224460

E-Mail

General : info@kgnenterprises.com
Visit Us At : www.kgnenterprises.com



KGN ENTERPRISES LTD.

Manufacturers & Global Exporters of
All Grades of Castor Oil and Derivatives

Mfg. Unit: Block No.315, 316/1, 318, Kheda - Dholka Highway, Village Hariyela, Dist. Kheda, Gujarat - 387 411 - INDIA
Ph: +91 - 2694 - 224461, 291042/43 | Fax: 91 - 2694 - 224460 | E-mail: info@kgnterprises.com | Website: www.kgnterprises.com

FORM A

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


BABULAL J HIRANI

MANAGING DIRECTOR


KIRIT KUMAR

AUDITOR OF THE COMPANY


AFTABAHMED KADRI

AUDIT COMMITTEE CHAIRMAN

