# 23rd

## ANNUAL REPORT
## 2016 - 2017

# KGN
# INDUSTRIES LIMITED

**CIN : L23101MH1994PLC206282**

# KGN INDUSTRIES LIMITED

**BOARD OF DIRECTORS :**

| | | |
|---|---|---|
| Mr. Babulal Jethalal Hirani | Director | (DIN: 02362983) |
| Mr. Arifbhai Ismailbhai Memon | Managing Director | (DIN: 00209693) |
| Mr. Mohsin Ismailbhai Memon | Director | (DIN: 03110860) |
| Mr. Ajazahmad Ansari | Director | (DIN: 06961260) |
| Mr. Aftabahmed Kadri | Director | (DIN: 01738367) |
| Ms. Janki Ranjitsingh Vaghela | Director | (DIN: 03050746) |
| Mr. Narendra Chaturbhai Tundiya | Director | (DIN: 03175848) |
| Ms. Sakina Aiyyaz Pimpalnerwala | Director | (DIN: 07304402) |
| Mr. Ismail Memon | Director | (DIN: 00209507) |

**CHIEF FINANCIAL OFFICER :**

Mr. Narendra Chaturbhai Tundiya

**AUDITORS :**

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

**INTERNAL AUDITOR :**

**M/S. LAKHANI ISMAILI TUNDIYA & CO.**
Chartered Accountants,
Ahmedabad

**REGISTERED OFFICE :**

B-15, Hirnen Shopping Centre co.op.hsg, Society Ltd.,
Near CITY Centre, S.V. Road,
Goregaon (West,) Mumbai-400062.
Tel no. 022-67256547
**Info@kgnindustries.com**

**CORPORATE OFFICE :**

504, Samudra Complex, Nr.Classic Gold Hotel,
Off.C.G.Road, Navrangpura, Ahmedabad-380009.
079-26562510/11
**Info@kgnindustries.com**

**REGISTRAR & SHARE TRANSFER AGENT :**

**Link Intime India Private Limited**
506-508, Amarnath Business Centre-1
(ABC-1), Besides Gala Business Centre,
Near XT Xavier's College Corner,
Off C G Road, Ellisebridge,
Ahmedabad 380006.

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# KGN INDUSTRIES LIMITED

**Regd. Office: B- 15, Hirnen Shopping Centre co. op. hsg. Society Limited,
Near City Centre, S.V. Road, Goregaon (West), Mumbai – 400062.**

**Tel: + 91 – 22- 6654 1101** **E-mail:info@kgnindustries.com**
**Website: www.kgnindustries.com** **CIN: L23101MH1994PLC206282**

**NOTICE** is hereby given that **TWENTY THIRD ANNUAL GENERAL MEETING** OF **KGN INDUSTRIES LIMITED** will be held at **YWCA BOMBAY INTERNATIONAL CENTRE** 18th MADAME CAMA ROAD, FORT- MUMBAI- 400001 ON TUESDAY AT 26th SEPTEMBER, 2017 AT 11.30 A.M. TO TRANSACT FOLLOWING BUSINESS:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2017 and Profit and Loss Account for the year ended on that date together with the Cash flow Statement along with the Directors Report and Auditors Report thereon.

2. To reappoint **Mr. Arif Memon** (DIN: 00209693), Director of the Company who retires by rotation and being eligible offers himself for reappointment.

3. To appoint **M/s. Maak & Associates** (Firm Registration No. 135024W) Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board to fix their remuneration.

   To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, the Company hereby appoints M/s Maak & Associates, Chartered Accountants, (FRN: 135024W) as Statutory Auditors of the Company to hold office from 23rd Annual General Meeting (AGM) till the conclusion of next Annual General Meeting of the Company to be held in the year 2018."

   **RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Statutory Auditors."

**SPECIAL BUSINESS**

**4. TO APPOINT MR. ISMAIL MEMON AS A DIRECTOR OF THE COMPANY**

To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Ismail Memon (DIN 00209507) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 27, 2016 who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

**5. TO APPOINT MR. MOHSIN ISMAIL MEMON AS A DIRECTOR OF THE COMPANY:**

To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Mohsin Memon (DIN 03110860) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 27, 2016 who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

**6. TO APPOINT MR. NARENDRA CHATURBHAI TUNDIYA AS A DIRECTOR OF THE COMPANY:**

To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Narendra Chaturbhai Tundiya (DIN 03175848) who was appointed by the Board of Directors

as an Additional Director of the Company with effect from October 19, 2016 who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

**7. TO APPOINT MS. SAKINA AIYYAZ PIMPALNERWALA AS A DIRECTOR OF THE COMPANY:**

To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Ms. Sakina Aiyyaz Pimpalnerwala (DIN 07304402) who was appointed by the Board of Directors as an Additional Director of the Company with effect from October 19, 2016 who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

**By Order of the Directors of the**
**KGN INDUSTRIES LIMITED**

**ARIFBHAI ISMAILBHAI MEMON**
**MANAGING DIRECTOR**
**DIN: 00209693**

**Date : 14th August, 2017**
**Place : Mumbai**

## NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies and that a proxy need not be a member of the company. Proxies in order to be effective must be deposited not less than 48 hours before the commencement of the meeting. A member cannot hold more than 50 proxies. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority as applicable.
2. The Register of Members and Share Transfer Books will remain close from 20th September, 2017 to 26th September, 2017 (both days inclusive).
3. Members are requested to intimate about the change in address, if any.
4. Members are requested to bring the copies of the annual report as the same will not be distributed at the annual general meeting.
5. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly.
6. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules framed there under, Members have been provided with the facility to cast their vote electronically, through the e- voting services provided by the Link Intime India Private Limited, on all resolutions set forth in this Notice.

   Notice of the 23rd Annual General Meeting of the Company. Inter alia, indicating the process and manner of e-voting is being sent to all the members whose email Ids are registered with the Company/Depository Participant(s) for communication purpose through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

**THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:**

**The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on 23.09.2017 and ends on 25.09.2017. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 19.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | **For Members holding shares in Demat Form and Physical Form** |
|---|---|
| **PAN** | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| **Dividend Bank Details OR Date of Birth (DOB)** | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant KGN Industries Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

**(xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com.**
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.

## EXPLANATORY STATEMENT

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

**ITEM NO.4 & 5**

The Board appointed Mr. Ismail Memon and Mr. Mohsin Memon, as Additional Directors with effect from October 27, 2016. As per the provisions of Section 161(1) of the Act, they hold office of Additional Directors only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment as Directors. The Company has received a notice from a member of the Company under Section 160 of the Act proposing their candidature for the office of Directors of the Company, along with the requisite deposit. The Board commends the Ordinary Resolution set out at Item No. 4 & 5 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel or relatives of directors and KMPs except Mr. Ismail Memon, Mr. Mohsin Memon and Mr. Arif Memon are concerned or interested in the resolution at Item No. 4 of the Notice relating to their appointment.

**ITEM NO. 6 & 7**

The Board appointed Mr. Narendra Tundiya and Ms. Sakina Aiyyaz Pimpalnerwala, as Additional Directors with effect from October 19, 2016. As per the provisions of Section 161(1) of the Act, they hold office of Additional Directors only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment as Directors. The Company has received a notice from a member of the Company under Section 160 of the Act proposing their candidature for the office of Directors of the Company, along with the requisite deposit. The Board commends the Ordinary Resolution set out at Item No. 6 & 7 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel or relatives of directors and KMPs except Mr. Narendra Tudiya, Ms. Sakina Aiyyaz Pimpalnerwala and Mr. Arif Memon are concerned or interested in the resolution at Item No. 6 & 7 of the Notice relating to their appointment.

**By Order of the Directors of the**
**KGN INDUSTIRES LIMITED**

**ARIFBHAI ISMAILBHAI MEMON**
**MANAGING DIRECTOR**
**DIN: 00209693**

**Date : 14th August, 2017**
**Place : Mumbai**

## ANNEXURE TO ITEMS 2, 4 to 7

The brief resume, experience, functional expertise and membership on various Board and committees of the Director proposed to be appointed as mentioned as item no.2 & 4 to 7 of the Notice as per Corporate Governance Code Pursuant to SEBI Listing Regulations and Secretarial Standard - 2 on General Meetings are furnished below:

| **Name of the Director** | **Mr. Arif Memon** | **Mr. Ismail Memon** | **Mr. Mohsin Memon** |
|---|---|---|---|
| Father Name | Mr. Ismail Gulmmohmed Memon | Mr. Gulmmohmed Memon | Mr. Ismail Memon |
| Date of Birth | 03/09/1967 | 11/03/1945 | 06/06/1986 |
| Date of Appointment | 29/07/2008 | 27/10/2016 | 27/10/2016 |
| Qualification | Under Graduate. | Under Graduate | Graduate |
| Specific functional Areas | Oil Manufacturing & Trading | Oil Manufacturing & Trading | Legal & Liasoning work |
| Name of the Companie(s) in which he is a director (Public Limited Companies) | 1) KGN PROJECTS LIMITED<br>2) KGN CAPITAL LIMITED<br>3) KGN COMMUNICATION LIMITED | 1) KGN ENTERPRISES LTD<br>2) KGN BIO-TECH LTD<br>3) KGN GREEN LTD<br>4) KGN PROTEINS LTD<br>(5) KGN COMMUNICATION LTD<br>6) KGN CAPITAL LTD | 1) KGN ENTERPRISES ENTERPRISES LTD<br>2) KGN BIO-TECH LTD<br>3) KGN GREEN LTD<br>4) KGN PROTEINS LTD<br>5) KGN CAPITAL LTD<br>6) KGN PROTEINS LTD |
| Relationship with Other Director/KMPs | Mr. Ismail Memon<br>Mr. Mohsin Memon | Mr. Arif Memon<br>Mr. Mohsin Memon | Mr. Ismail Memon<br>Mr. Arif Memon |
| Chairman/ Member of the Committee of the Board of Directors of the Company | None | None | None |
| Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director | None | None | None |
| Shareholding in the Company as on 31st March, 2017 | 10284 Shares | 10000 Shares | Nil |

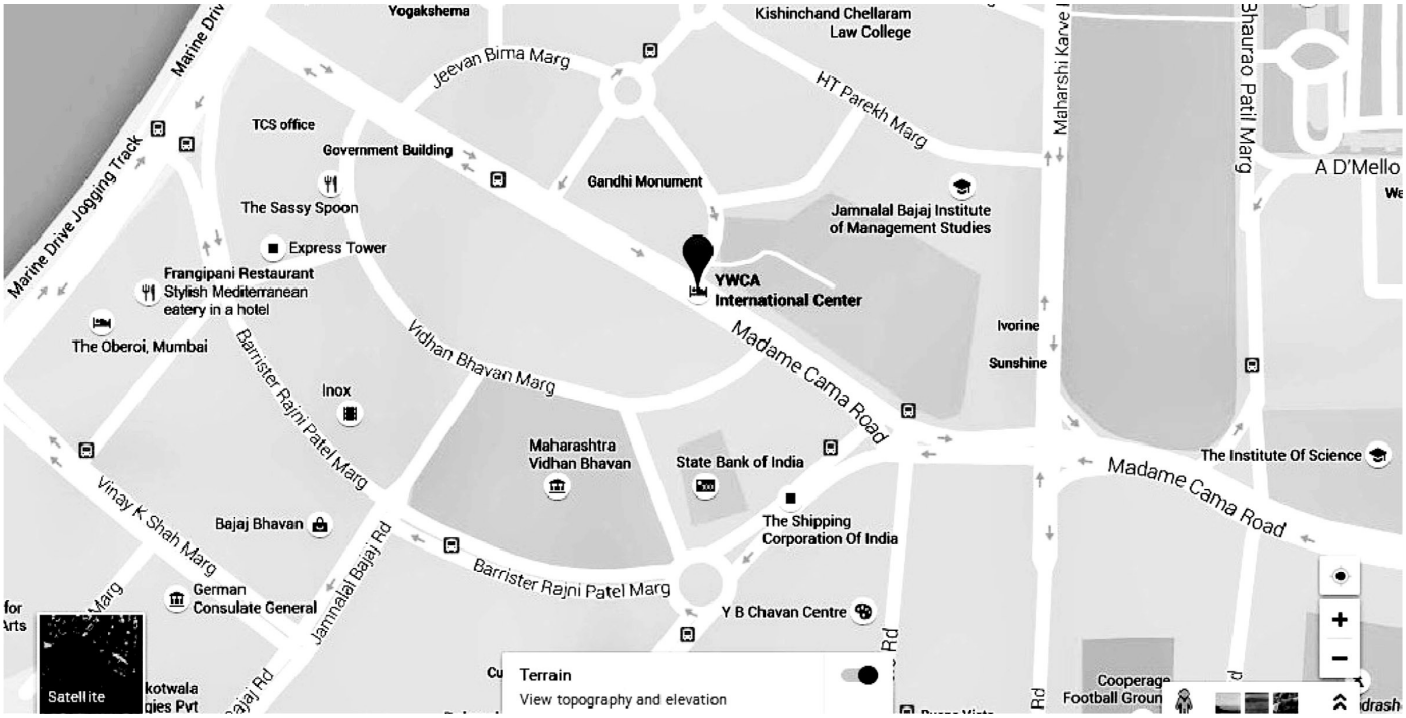
| Name of the Director | **Mr. Narendra Tundiya** | **Ms. Sakina Aiyyaz Pimpalnerwala** |
|---|---|---|
| Father Name | Mr. Chaturbhai Khodabhai Tundiya | Mr. Mehmoodbhai Hatimbhai Khericha |
| Date of Birth | 01/06/1972 | 09/02/1986 |
| Date of Appointment | 19/10/2016 | 19/10/2016 |
| Qualification | Chartered Accountant | Company Secretary |
| Specific functional Areas | Provide Financial Advice | |
| Undertake Financial Audits etc. | All Company Law Related Matters. | |
| Name of the Company(s) in which he/she is a director (Public Limited Companies) | 1) ASIAN LOGISTICS LIMITED<br>2)KGN COMMUNICATION LTD | None |
| Relationship with Other Director/KMPs | None | None |
| Chairman/Member of the Committee of the Board of Directors of the Company | None | None |
| Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director | None | None |
| Shareholding in the Company as on 31st March, 2017 | Nil Nil | |

**By Order of the Directors of the**
**KGN INDUSTIRES LIMITED**

**ARIFBHAI ISMAILBHAI MEMON**
**MANAGING DIRECTOR**
**DIN: 00209693**

**Date : 14th August, 2017**
**Place : Mumbai**

# ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE



## DIRECTORS REPORT

To,
The members,

Your Directors have the pleasure in presenting the 23rd Annual Report together with the Audited Statement of Accounts for the year ending on 31st March, 2017.

**Financial Results:** *(Amt. in Rupees)*

| Particulars | Financial Year ended | | | |
|---|---|---|---|---|
| | Standalone | | Consolidated | |
| | **2016-17** | **2015-16** | **2016-17** | **2015-16** |
| Revenue from operations | 5,064,834 | 5,437,900 | 5,075,814 | 5,456,935 |
| Other Income | 312,182 | - | 312,182 | - |
| **Total revenue** | **5,377,016** | **5,437,900** | **5,387,996** | **5,456,935** |
| **Expenditure** | | | | |
| Employee benefits expenses | 822,956 | 381,988 | 822,956 | 381,988 |
| Other expenses | 2,263,847 | 2,764,537 | 2,266,665 | 2,775,925 |
| **Total expenses** | **4,776,469** | **4,882,164** | **4779287** | **4,893,170** |
| **Profit before tax** | **600,547** | **555,736** | **608709** | **563,765** |
| **Tax expense :** | | | | |
| Current Tax | 184,923 | 186,675 | 187,444 | 188,925 |
| Deferred Tax | - | - | - | - |
| Excess provision of income tax | - | - | - | - |
| **Net profit for the year** | **415,624** | **369,061** | **421,265** | **374,840** |

**APPROPRIATIONS:**

The Opening Balance of Surplus of Profit and Loss shown under the head Reserves and Surplus was Rs. 46,508,742. During the year under the review, the profit of Rs. 415,624/- was also added. The Closing Balance of Surplus of the Profit and Loss shown under the head Reserves and Surplus was Rs. 46,924,366/-

**OPERATIONS:**

During the year under the review there was a decrease in total income of 1.12% in comparison to the previous year. The total expenses have decreased by 2.16% and the net profit after tax has increased by 11.20%.

**DIVIDEND:**

As Company has inadequate Profit, your directors do not propose any dividend for the current year to conserve the resources.

**DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED:**

**i. Retirement by Rotation:**
Pursuant to the provisions of Section 152(6) of the Companies Act, 2013, Mr. Arif Memon (DIN: 00209693), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

**ii. Cessation:**
During the year under review, Mr. Jignesh Babulal Hirani has resigned from the office of Directorship of the Company and from the post of the Chief Financial Officer w.e. from 20th October, 2016 due to personal reasons.

**iii. Appointment of Additional / Independent Women Director:**
Mr. Ismail Memon and Mr. Mohsin Ismailbhai Memon were appointed as Additional Non Executive Directors by the Board of Directors at their meeting held on 27th October, 2016 to hold office until the ensuing Annual General Meeting.

Further, Mr. Narendra Chaturbhai Tundiya and Ms. Sakina Aiyyaz Pimpalnerwala were also appointed as Additional Non-executive Directors of the Company at their meeting held on 19th October, 2016 hold office until the ensuing Annual General Meeting.

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee and Audit Committee, appointed Mr. Narendra Chaturbhai Tundiya as Chief Financial Officer of the Company w.e.f. 19th October, 2016.

**iv. Key Managerial Personnel:**

The following persons are designated as Key Managerial Personnel:

1. Mr. Arifbhai Ismailbhai Memon, Managing Director
2. Mr. Narendra Chaturbhai Tundiya, Chief Financial Officer

**DETAILS OF HOLDING / SUBSIDIARY COMPANIES / JOINT VENTURES / ASSOCIATE COMPANIES:**

Your Company has One wholly owned Subsidiary Company i.e. KGN PROJECTS LIMITED.

In terms of the Provisions contained in Section 129 (3) of the Companies Act, 2013, Read with rule 5 of the Companies (Accounts) Rules, 2014, a report on the performance and the financial of each of the subsidiaries is provided as **Annexure A i. e 'AOC – 1'** to this Report.

**DEPOSITS:**

The Company has not invited/accepted any deposit, other than the exempted deposit as prescribed under the provision of the Companies Act, 2013 and the rules framed there under, as amended from time to time. Hence there are no particulars to report about the deposit falling under Rule 8 (5) (v) and (vi) of Companies (Accounts) Rules, 2014.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review there were no significant and material orders passed by any Regulators or Court or Tribunals which may have impact on the going concern status. Neither there are any order passed which may have impact on the Company`s operation in future.

The Company has shifted its registered office "23, Vaswani Mansion, 4th Floor, Dinshaw Vaccha Road, Opp. K.C. College, Churchgate Mumbai MH 400020" to "B- 15, Hirnen Shopping Centre co. Op. Hsg. Society Limited, Near City Centre, S.V Road, Goregaon (West), Mumbai - 400062" in its board meeting held on 13th August, 2016".

**INTERNAL FINANCIAL CONTROLS:**

Your Company has well laid out policies on financial reporting, adherence to Management policies and also on promoting compliance of ethical and well defined standards. Moreover, the management team regularly meets to monitor goals and results and scrutinizes reasons for deviations in order to take necessary corrective steps. The Audit Committee which meets at regular intervals also reviews the internal control systems with the Management and the internal auditors. All audit observations and follow up actions are discussed with the Management as also the Statutory Auditors and the Audit Committee reviews them regularly.

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

Pursuant to Rule 8 (3) of Companies (Accounts) Rules, 2014, the Board of Directors hereby declares that there are no particulars to report for the Conservation of Energy & Technology Absorption. There is no foreign exchange earnings and outgo during the year under the review.

**ENVIRONMENTAL PROTECTION:**

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

**PERSONNEL:**

There was no employee drawing remuneration requiring disclosure under the Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**DISCLOSURE UNDER SECTION 197(12) AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

There was no employee drawing remuneration requiring disclosure under section 197(12) and Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Required details are annexed to this Report as **Annexure B**

**VIGIL MECHANISM:**

Pursuant to Section 177(9) of the Companies Act, 2013, the company has a Whistle Blower Policy to deal with any instance of fraud and mismanagement. The employees of the company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination with any person for a genuinely raised concern.

**AUDIT COMMITTEE:**

The Audit Committee of the Board of Directors of the Company was re-constituted and presently consists of three Directors viz. Mr. Ajazahmed Abulgani Ansari, Ms. Janki Vaghela and Mr. Aftabahmed Kadri.

Mr. Ajazahmed Abulgani Ansari, is the Chairman of the Audit Committee.

During the Year under review, total four Meetings of the Board of Directors of the Company were held.

The Composition and the Terms of Reference of the Audit Committee is as mentioned in the provisions of Section 177 of the Companies Act, 2013 and SEBI Listing Regulations with the Stock exchange as amended from time to time. The Statutory Auditor, Internal Auditor and Chief Finance Officer usually attend the Meeting of the Audit Committee.

**AUDITORS:**

**i. Statutory Auditor and their Report**

Under Section 139 of the Companies Act, 2013 and Rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the said Section. The audit committee of the Company has proposed, the Board of Directors of the Company have recommended the appointment of M/s. Maak & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 135024W) as the Statutory Auditors of the Company. M/s. Maak & Associates will hold the office from 23rd Annual General Meeting till the conclusion of next Annual General Meeting of the Company to be held in the year 2018, subject to the approval of Shareholders of the Company. The first year of audit will be of the Financial Statement for the year ended 31st March, 2018 which will include the audit of quarterly financial statement for the year. In this regard, the Company has received a Certificate from the said Auditor to the effect that if their appointment will be made, it would be in accordance with the provisions of Section 141 of Companies Act, 2013.

The observations made in their report and dealt with in the notes forming part of the Accounts at appropriate places are self–explanatory

The observations made in their report and dealt with in the notes forming part of the Accounts at appropriate places are self–explanatory.

**ii. INTERNAL AUDITOR**

M/s. Ismail Lakhani & Associates, Chartered Accountant, are Internal Auditors of the Company. The Audit Committee of the Board of Directors in consultation with the Internal Auditors formulates the scope, functioning periodicity and methodology for conducting the internal audit.

**iii. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

The Board of Directors of the Company has, in compliance with the provisions of Section 304(1) of the Companies Act, 2013 and rules made in this behalf, appointed Mr. Jatin H. Kapadia, Practicing Company Secretary to carry out Secretarial Audit of the Company for the financial year 2016-17. The Report of the Secretarial Auditor is annexed to this Report as **Annexure C** which is self explanatory and gives complete information.

**EXPLANATION TO THE QUALIFICATIONS IN AUDITOR'S REPORT AND SECRETARIAL AUDIT REPORT:**

There are no qualifications or adverse remarks in the Auditor's Report. Explanation on qualification adverse remark made in Secretarial Audit Report is as under.

| Qualification/ Adverse Remark | Explanation : |
|---|---|
| Certain forms are yet to be filed by the Company with the Registrar of Company as specified under the Companies Act, 2013. | The company is in process of filing the requisite forms and the compliance of the same will be made soon. However, Board assures that it will be complied with now onwards. |
| Advertisement Notices are not available for Audit. | Due to reshuffling of Secretarial Department, the files are misplaced hence do not able to shown. |

| | |
|---|---|
| The present Auditor does not possess peer reviewed certificate | Due to financial inability, the Board may not able to appointed Auditors having peer reviewed Certificate. Further, New incoming Auditors has peer reviewed Certificate. |
| The Company has not pay Listing Fees | The Company is in the process of payment of li sting fees |

**DIRECTORS RESPONSIBILITY STATEMENT:**

As required under the provisions of Section 134 of the Act, your Directors report that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) 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 at the end of the financial year and of the profits of the Company for that period.

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) The Directors have prepared the annual accounts on a going concern basis.

(e) The Directors have laid down internal financial controls as required by Explanation to Section 134(5)(e) of the Act to be followed by the Company and such internal financial controls are adequate and are operating effectively.

(f) The Directors have devised proper systems to ensure compliance with the provisions of applicable laws and such systems are adequate and operating effectively.

**RELATED PARTY TRANSACTIONS:**

During the year under review the Company has entered into the transactions with the related parties, the details of each are provided in point No. 27 under the head notes on Financial Statements.

**PARTICULARS OF LOANS / GUARANTEES / INVESTMENT:**

The Particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended 31st March 2017.

**INVESTMENT IN UNQUOTED SHARES:**

The Company has made investment in unquoted shares. i.e. 99994 Shares and 2925000 Shares in KGN Projects Limited and Shares in Asian Logistics Limited respectively.

**RISK MANAGEMENT POLICY:**

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventorised and integrated with the management process such that they receive the necessary consideration during decision making.

**STATEMENT OF INDEPENDENT DIRECTORS:**

The following Directors are independent in terms of Section 149(6) of the Act:

(a) Mr. Ajazahmed Ansari

(b) Mr. Aftabahmed Kadri

(c) Ms. Janki Ranjitsingh Vaghela

The Company has received requisite declarations/ confirmations from all the above Directors confirming their independence.

**MANAGEMENT DISCUSSIONS & ANALYSIS REPORT:**

Management Discussion & Analysis report for the year under review as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure – D** hereto and forms part of this Report.

**CORPORATE GOVERNANCE REPORT:**

Your Directors adhere to the requirements set out in Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Report on Corporate Governance as stipulated in the SEBI LODR Regulations is annexed as **Annexure–E** hereto and forms part of this Report along with Certificate from the Statutory Auditors **M/s. Kirit & Company**, Chartered Accountants, confirming compliance of conditions of Corporate Governance.

**EXTRACT OF THE ANNUAL RETURN:**

Pursuant to provision of Section 92 and 134 and other applicable provision of the Companies Act, 2013 and of Rule 12 (1) of Companies (Management and Administration) Rules, 2014 the extract of the annual return in form MGT 9 for the Financial Year ended on 31st March, 2017 is annexed as **Annexure--F** to this Report.

**NUMBER OF BOARD MEETINGS:**

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board/Committee meetings to be held in the forthcoming financial year is being circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings.

Total 6 Board Meetings were held during the Financial Year 2016-17 on 30th May, 2016, 13th August, 2016, 19th October, 2016, 27th October, 2016, 10th November, 2016 and 13th February, 2017 and the gap between two meetings did not exceed one hundred and twenty days. The details of attendance of Directors at the Board Meetings are as under:

**CORPORATE SOCIAL RESPONSIBILITY:**

The Provision of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility is not applicable to the company.

**ANNUAL PERFORMANCE EVALUATION:**

In compliance with the provisions of the Act and voluntarily SEBI Listing Regulations, the performance evaluation was carried out as under:

**Board:**

In accordance with the criteria suggested by The Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

**Committees of the Board:**

The performance of the Audit Committee, the Nomination and Remuneration Committee and Stakeholders Relationship Committee was evaluated by the Board having regard to various criteria such as committee composition, committee, processes, committee dynamics etc. The Board was of the unanimous view that all the committees were performing their functions satisfactorily and according to the mandate prescribed by the Board under the regulatory requirements including the provisions of the Act, the Rules framed there under and SEBI Listing Regulations.

**Individual Directors:**

**(a)** **Independent Directors:** In accordance with the criteria suggested by The Nomination and Remuneration Committee, the performance of each independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like engagement, leadership, analysis, decision making, communication, governance and interest of stakeholders. The Board was of the unanimous view that each independent director was a reputed professional and brought his/her rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.

**(b)** **Non-Independent Directors:** The performance of each of the non-independent directors (including the chairperson) was evaluated by the Independent Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. The various criteria considered for the purpose of evaluation included leadership, engagement, transparency, analysis, decision making, functional knowledge, governance and interest of stakeholders. The Independent Directors and the Board were of the unanimous view that each of the non-independent directors was providing good business and people leadership.

**SEXUAL HARASSMENT:**

The Company has an Internal Complaint Committee as required under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. During the year under review, no complaints were reported.

**POLICIES:**

The Company has adopted the following policies pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year under review and the same uploaded on Company's website:

a. Policy on preservation of the Documents

b. Policy on criteria for determining Materiality of Events

c. Whistle Blower Policy

d. Policy on dealing with related party transactions

e. Policy for determining material subsidiaries

The details of the above mentioned policies are provided in the website of the Company i.e. **www.kgnindustries.com**.

**APPRECIATION:**

Your Directors wish to convey their thanks to all the bankers, suppliers, customers and other persons for their continued support to the company.

**For and on behalf of the Directors of the**
**KGN INDUSTIRES LIMITED**

**BABULAL JETHALAL HIRANI**
**DIRECTOR**
**DIN: 02362983**

**Date : 14th August, 2017**
**Place : Mumbai**

## "ANNEXURE- A"

## FORM AOC- 1

(Pursuant to first proviso to sub- section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures**

**Part "A": Subsidiaries**

*(in Rs.)*

| No. | Particulars | KGN Projects Limited |
|---|---|---|
| 1. | Reporting period | April - March |
| 2. | Reporting Currency | INR |
| 3. | Share Capital | 1,000,000 |
| 4. | Reserves & Surplus | 8,28,178 |
| 5. | Total Assets | 60,48,545 |
| 6. | Total Liabilities | 42,20,367 |
| 7. | Investments | - |
| 8. | Turnover (Total Revenue) | 10,980 |
| 9. | Profit/ (Loss) Before Taxation | 8,162 |
| 10. | Provision For Taxation | 2,521 |
| 11. | Profit/ (Loss) After Taxation | 5,641 |
| 12. | Proposed Dividend | - |
| 13. | % of Share holding | 100.00% |

**Notes:**
There were no subsidiaries liquidated during the financial year 2016-17.

## "ANNEXURE- B"

## Disclosure under Section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) rules 2014

(i) The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17:

During the period no remuneration was paid to any Director, hence ratio of remuneration stands at 0 (zero)

(ii) The percentage increase in remuneration of each director CFO, CEO, Company Secretary or Manager, if any, in the financial year 2016-17:

| | | |
|---|---|---|
| Mr. Narendra Chaturbhai Tundiya | CFO | Nil |
| Mr. Arifbhai Ismailbhai Memon | Managing Director | Nil |

(iii) Market Capitalisation

| Date | Issued Shares | Closing Market Price per share(Rs) | EPS (Rs.) | PE Ratio | Market Capitalisation (Rs. In Cr.) |
|---|---|---|---|---|---|
| 31.03.2016 | 22,25,00,000 | 1.56 | 0.002 | 780 | 34.71 |
| 31.03.2017 | 22,25,00,000 | 1.69 | 0.002 | 845 | 37.60 |
| Increase/(Decrease) | Nil | 0.13 | No Change | 65 | 2.89 |
| Increase/(Decrease)% | Nil | 8.33% | - | 8.33% | 8.33% |

The company came out with the IPO at a price of Rs. 10/- per share. The market price of the share as on 31st March, 2017 was Rs. 1.56/- on BSE Limited.

**For and on behalf of Board of Directors of**
**KGN INDUSTRIES LIMITED**

**BUBULAL HIRANI**
**DIRECTOR**
**DIN: 02362983**

**Date : 14th August, 2017**
**Place : Mumbai**

## "ANNEXURE- C"

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

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

To,
The Members,
KGN INDUSTRIES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KGN Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period)

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period)

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

(vi) I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head / groups of Acts, Laws and Regulations as applicable to the Company is as under:

1. Income-Tax Act, 1961 and Indirect Tax Laws;
2. Labour Laws & other incidental laws related to labour and employees appointed by the Company;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(i) The Listing Agreements entered into by the Company with Stock Exchanges.

(iii) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

(a) Certain forms are yet to be filed by the Company with the Registrar of Company as specified under the Companies Act, 2013.

(b) News Paper Advertisement under various regulation of LODR and Companies Act, 2013 not available to inspection.

(c) The present Auditors of the Company does not possessed peer reviewed certificate as per the requirement of LODR

(d) The Company has not pay listing fees of Stock Exchange.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out subject to my observations made herein above.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**Place : Ahmedabad**
**Date : 14.08.2017**

**Jatin H. Kapadia**
**Practising Company Secretary**
**ACS No.: 26725**
**C.P. No.: 12043**

To,
The Members,
KGN KGN INDUSTRIES LIMITED

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

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

**Place : Ahmedabad**
**Date : 14.08.2017**

**Jatin H. Kapadia**
**Practising Company Secretary**
**ACS No.: 26725**
**C.P. No.: 12043**

## "ANNEXURE- D"

## MANAGEMENT DISCUSSION ANALYSIS REPORT

**GLOBAL OVERVIEW :**

For the maintenance of industrial civilization in its current configuration Petroleum is vital to many industries thus is a critical concern for many nations. The petroleum industry encompasses the global processes of exploration, extraction, refining, transporting and marketing petroleum products. The largest volume products of the industry are fuel oil and gasoline (petrol). The industry is usually divided into three major components: upstream, midstream and downstream.

Oil includes crude oil, condensates, natural gas liquids, refinery feed stocks and additives, other hydrocarbons (including emulsified oils, synthetic crude oil) and petroleum products (refinery gas, ethane, LPG, aviation gasoline, motor gasoline, jet fuels, kerosene, gas/diesel oil, heavy fuel oil, naphtha, white spirit, lubricants, bitumen, paraffin waxes and petroleum coke).

**INDUSTRIES OVERVIEW :**

**Indian Oil & Gas Market scenario :**

As an emerging Economy let us analyze in the Indian context and have the review of market in the current years and years ahead India is the world's fourth largest consumer of primary energy. India's tremendously growing energy demand has made the country an energy leader on the global platform with more than 28 billion tones of prognosticated (forecast) reserves. The Government of India's New Exploration Licensing Policy (NELP) launched in 1997-98 has encompassed all the ingredients of a favorable investment climate, fiscal stability, transparency of the rule of law, contract stability, minimal policy induced uncertainties and a stable legal and regulatory framework.

**Oil & Gas – Key Developments and Investments :**

Indian energy firms have earned honor by getting placed in the 2012 Platts Top 250 Global Energy Company Rankings.

**Oil & Gas – Government Initiatives :**

India has been very active in Oil & Gas exploration and production activities on the global front and the Government has played vital role in sustaining the country's strategic position. India and Canada have mutually agreed to share efforts in energy sector, particularly exports of Canadian oil and natural gas as well as renewable energy cooperation while Iraq is set to become India's strategic energy partner.

The Indian Government is planning to incentivize energy firms to explore and produce natural gas domestically by extending them similar fiscal incentives which are currently available to only crude oil producers.

**Oil & Gas – Road Ahead :**

Majorly driven by transportation and industrial sectors, demand for oil is anticipated to rise immensely by 2020 while domestic power and fertilizer industries are projected to drive the demand for natural gas in the country. Furthermore, development of technologies enabling efficient use of fossil fuels coupled with use of renewable energy sources could help in filling the demand-supply gap for Oil & Gas.

**CURRENT BUSINESS REVIEW :**

KGN Industries Limited is listed on BSE Limited. The Company is in process to increase and develop its business techniques and strategies. The management is in planning to develop the business standards of the Company.

**FUTURE OUTLOOK :**

The Company is regularly doing research and analysis for better quality and cost effective solutions for its business.

**OPPORTUNITIES THREATS RISKS AND CONCERNS :**

Oil and Gas are used in a huge way in the Indian as well as in the global market. It is one of the major sectors which are contributing in the revenue generation all over the world. So there are tremendous opportunities across its value chain and sub sectors.

The Oil and Gas sector has many opportunities but at the same time, some fundamental issues can hinder its progress and thwart the achievement of its growth objectives. Shortages of skilled manpower, technology and equipment in upstream sector and general low oil & gas price regime may throw some critical challenges for the sector. Much higher thrust on research & development is required for proper quality control.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES :**

The Company believes that employees are the key to achievement of Company's objectives and strategies. The Company provides to the employees a fair and equitable work environment and support from their peers with a view to develop their capabilities leaving them with the freedom to act and to take responsibilities for the task assigned. We provide our employees outstanding career development opportunities and reward to the staff for their good performance and loyalty to the organization. In order to meet the industries demand, we have appointed experienced professionals in Technical as well as Finance Departments. Apart from that every year, we hire new pool of latent from reputed petroleum institute through campus selection process.

The Company is in planning to appoint more qualified and experienced employees to upgrade the quality and overall performance of the Company.

**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, 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.

**For and on behalf of the Board of Directors of**
**KGN INDUSTRIES LIMITED**

**BABULAL JETHALAL HIRANI**
**DIRECTOR**
**DIN: 02362983**

**Date: 14th August, 2017**
**Place : Mumbai**

## "ANNEXURE- E"

## REPORT ON CORPORATE GOVERNANCE

The Equity shares of the Company are listed on the BSE Limited.

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement with the Stock Exchanges., the report containing the details of corporate governance systems and processes at **KGN INDUSTRIES LIMITED** are as under:

**1. CORPORATE GOVERNANCE PHILOSOPHY :**

Corporate Governance in simple words means the way a corporation is governed. Corporate Governance refers to mechanisms, processes and relations by which corporations are controlled and directed. Corporate Governance is a systematic process driven by the ethical conduct of the business and affairs of an organisation aimed at promoting sustainable business and enhancing shareholders value in long term.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

We believe that retaining and enhancing stakeholder trust is essential for sustained corporate growth. Accordingly, we always seek to ensure that we attain our performance with integrity and the Board exercises its fiduciary responsibilities in the widest sense of the term.

Your Company is in compliance with the requirements of Corporate Governance stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement with the Stock Exchanges.

**2. BOARD OF DIRECTORS :**

An Active, informed and independent Board is a pre-requisite for strong and effective corporate governance. The Board plays a crucial role in overseeing how the management safeguards the interests of all the stakeholders. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Board is duly supported by the Managing Director and Senior Management Personnel in ensuring effective functioning of the Company.

**a) Composition and Category of Directors :**

The Company has a balanced and diverse Board with Non-executive Chairman. As on 31st March, 2017 there were 9 Directors on its Board. The number of Non-Executive Directors is more than one-half of the total number of directors. The Company has 2 women Director. Mr. Babulal Jethalal Hirani is the Director of the Company. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Industries Limited.

| Name | Category | No. of Directorship in other public Companies* as on 31.03.2017 | No. of Committee Positions held in Other public Companies* as on 31.03.2017 | |
|---|---|---|---|---|
| | | | Chairman | Member |
| Mr. Babulal J. Hirani | Non Executive | 5 | 0 | 0 |
| Mr. Arifbhai Memon | Executive Promoter Managing Director | 3 | 0 | 0 |
| Mr. Narendra Tundiya | CFO | 2 | 0 | 0 |
| Mr. Narendra Tundiya | Non-Executive | 2 | 0 | 0 |
| Mr. Ismail Memon | Non-Executive Promoter | 4 | 0 | 0 |
| Mr. Mohsin Memon | Non-Executive | 6 | 0 | 0 |
| Ms. Sakina Pimpalnerwala | Non-Executive | 0 | 0 | 0 |
| Mr. Aftab Ahmed Kadri | Independent Non Executive | 1 | 1 | 2 |
| Mr. Ajazahmed Ansari | Independent Non Executive | 2 | 2 | 1 |
| Ms. Janki Ranjitsingh Vaghela | Independent Non Executive | 1 | 0 | 2 |

* Directorships held by the Director as mentioned above, exclude Directorship held in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

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

Total 6 Board Meetings were held during the Financial Year 2016-17 on 30th May, 2016, 13th August, 2016, 19th October, 2016, 27th October, 2016, 10th November, 2016 and 13th February, 2017 and the gap between two meetings did not exceed one hundred and twenty days. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

| Name of Director | Number of Board Meetings held and attended FY 2016-17 | | Attended Last AGM |
|---|---|---|---|
| | Held during the tenure | Attended | |
| Mr. Babulal J. Hirani | 6 | 6 | Yes |
| Mr. Arifbhai Memon | 6 | 6 | Yes |
| Mr. Jignesh Hirani | 2 | 2 | Yes |
| Mr. Narendra Tundiya | 3 | 2 | No |
| Mr. Ismail Memon | 2 | 2 | No |
| Mr. Mohsin Memon | 2 | 2 | No |
| Mr. Aftab Ahmed Kadri | 6 | 4 | Yes |
| Mr. Ajazahmed Ansari | 6 | 6 | Yes |
| Mrs. Janki Ranjitsingh Vaghela | 6 | 4 | No |
| Ms. Sakina Pimpalnerwala | 3 | 2 | No |

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

At the ensuing Annual General Meeting, Mr. Arif Ismail 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 Director proposed to be appointed as mentioned as item no.2 of the Notice as per Corporate Governance Code Pursuant to SEBI Listing Regulations and Secretarial Standard - 2 on General Meetings are furnished below:

| Name of the Director | Mr. Arif Ismail Memon |
|---|---|
| Father Name | Mr. Ismail Gulmmohmed Memon |
| Date of Birth | 03/09/1967 |
| Date of Appointment | 29/07/2008 |
| Qualification | Under Graduate |
| Specific functional Areas | Manufacturing & Trading of Oil |
| Name of the Company(ies) in which he is a director (Public Limited Companies) | 1) KGN PROJECTS LIMITED<br>2) KGN CAPITAL LIMITED<br>3) KGN COMMUNICATION LIMITED |
| Relationship with Other Director/KMPs | Ismail Memon<br>Mohsin Memon |
| Chairman/ Member of the Committee of the Board of Directors of the Company | None |
| Chairman/Member of the Committee of Directors of other Public Limited Companies in which he is a Director | None |
| Shareholding in the Company as on 31st March, 2017 | 10284 Shares |

**3. AUDIT COMMITTEE :**

As on date the Board has established the following Committees:

A. Audit Committee

B. Nomination and Remuneration Committee

C. Stakeholders' Relationship Committee

**4. AUDIT COMMITTEE:**

The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company.

Your Company has a qualified and Independent Audit Committee set up by the Board in compliance with the requirements of Regulation 18 of SEBI Listing Regulations read with Section 177 of the Act.

**a. Composition of Committee:**

Presently the composition of the Audit Committee is as under:

| Directors | Category |
|---|---|
| Mr. Ajazahmed Abdulgani Ansari (Chairman) | Independent Non-executive |
| Mr. Aftabahmed Kadri | Independent Non-executive |
| Ms. Janki Vaghela | Independent Non-executive |

**b. Terms of reference:**

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing with the management the quarterly / annual unaudited / audited financial statements and Limited Review Report / Audit Report of Statutory Auditor before recommending it for approval of the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgement by the management, significant adjustments made in the financial statements, etc.,
4. Review of the Management Discussion & Analysis of financial and operational performances,
5. Review of inter corporate loans and advances,
6. Review the adequacy and effectiveness of the internal financial controls and systems
7. Review and discuss with the management the major financial risk exposures and steps taken to monitor and control it,
8. Overseeing and review the functioning of vigil mechanism [implemented by the Company as Whistle Blower Policy],
9. Review the scope of Internal Auditor and Audit Plan to ensure reasonable coverage of difference areas of operations,
10. Review, discuss and monitor the observations reported by Statutory / Internal Auditor and its compliance,
11. Review and recommend to the Board the appointment / reappointment of the Statutory Auditor and Cost Auditor after due consideration of their independence and effectiveness,
12. Approving the payment towards additional services rendered by the Statutory Auditor except those enumerated in section 144 of the Act,
13. Recommending to the Board the remuneration of Statutory and Cost Auditor,
14. Approval of appointment, removal and terms of remuneration of Internal Auditor and
15. Approval of Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and at arm's length basis.
16. And, generally, all items listed in Part C to Regulation 18 of SEBI Listing Regulations and in Section 177 of the Act.

**Review of Information by Audit Committee :**

The Audit Committee has reviewed and satisfied that the Company's internal audit function adequately resourced and has appropriate standing within the Company. Audit Company has also reviewed

1. Management discussion and analysis of financial condition and result of operations.
2. Statement of significant related party transaction submitted by management;
3. Internal audit reports relating to internal control weakness.

**c. MEETINGS AND ATTENDANCE DURING THE YEAR:**

Four Meetings of Audit Committee were held during financial year 2016-17 on 30th May, 2016, 13th August, 2016, 10th November, 2016 and 13th February, 2017 and all members were present at the meetings.

**4. NOMINATION REMUNERATION AND COMPENSATION COMMITTEE:**

The constitution and terms of reference of Nomination and Remuneration Committee of the Company are in compliance with provisions of Companies Act, 2013 and the SEBI Listing Regulations.

**A. Composition of Committee:**

At present consist of following members of the Committee:

| Directors | Category |
|---|---|
| Mr. Ajazahmed Ansari (Chairman) | Independent Non-executive |
| Mr. Aftabahmed Kadri | Independent Non-executive |
| Ms. Janki Ranjitsingh Vaghela | Independent Non-executive |

**B. Terms of reference:**

The terms of reference of Nomination and Remuneration Committee inter alia, includes the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director,
2. To recommend to the Board a policy relating to remuneration of the Directors, Key Managerial Personnel and other employees,
3. To formulate criteria for evaluation of Independent Directors and the Board,
4. To devise a policy on board diversity,
5. To review the succession planning of the Board of Directors and Senior Management Employees and
6. To review the performance of the Board of Directors and Senior Management Personnel based on the criteria decided by the Committee.

**C. MEETINGS AND ATTENDANCE DURING THE YEAR:**

Two Meeting of Nomination and Remuneration Committee was held during financial year 2016-17 on 19th October, 2016 & 27th October, 2016 and all members were present at the meeting.

**D. Remuneration of Directors:**

There was no remuneration paid to the Directors during the year 2016-17.

**5. STAKEHOLDER RELATIONSHIP COMMITTEE:**

The constitution and terms of reference of Stakeholders' Relationship Committee of the Company are in compliance with provisions of Companies Act, 2013 and the SEBI Listing Regulations.

**A. Composition of Committee:**

The composition of Stakeholders' Relationship Committee during the Financial Year ended 31st March, 2017 is as under:

| Directors | Category |
|---|---|
| Mr. Ajazahmed Ansari (Chairman) | Independent Non-executive |
| Mr. Aftabahmed Kadri | Independent Non-executive |

**B. Terms of reference:**

The Committee administers the following activities:

- Transfer of shares
- Transmission of shares
- Issue of duplicate share certificates
- Change of status
- Change of Name
- Transposition of shares
- Sub-division of shares
- Consolidation of folios
- Shareholders requests for dematerialization / rematerialisation of shares
- Functions of the Registrar and Share Transfer Agent

**C. MEETINGS AND ATTENDANCE DURING THE YEAR:**

Four Meetings of Stakeholders' Relationship Committee were held during financial year 2016-17 on 30th May, 2016, 13th August, 2016, 10th November, 2016 and 13th February, 2017 and all members were present at the meetings.

**D. NAME & DESIGNATION OF THE COMPLIANCE OFFICER:**

Mr. Arif Memon is the compliance officer for KGN Industries Limited.

The Stakeholder Relationship 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 provisions of Companies Act, 2013 and the SEBI Listing Regulations 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

**7. ANNUAL GENERAL MEETINGS:**

**a) Details of General Meetings held in last 3 years:**

| Financial Year | Location | Date | Day | Time | Type of Meeting | Special Resolution Passed |
|---|---|---|---|---|---|---|
| 2015-16 | YWCA Bombay International Centre 18th Madame Cama Road, Fort-Mumbai- 400001 | 26th September, 2016 | Monday | 11.00 A.M. | AGM | 0 |
| 2014-15 | YWCA Bombay International Centre 18th Madame Cama Road, Fort-Mumbai- 400001 | 29th September, 2015 | Tuesday | 11.30 A.M. | AGM | 1 |
| 2013-14 | Bombay YMCA, Central Branch 12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001. | 26th September, 2014 | Friday | 10.30 A.M. | AGM | 0 |

**b) Postal Ballot:**

No Special Resolution was passed through postal ballot during the Financial Year 2016-17. In the ensuing Annual General Meeting, there is no business requiring Postal Ballot.

**8. DISCLOSURES:**

During the financial year 2016-17, 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.

**9. MEANS OF COMMUNICATION:**

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges where the shares of the Company are listed as soon as these are taken on record / approved.

These financial results are published in dailies having wide circulation. These Results are normally published in The Business Standard (English) and in Mumbai Lakshadweep Marathi) News Papers.

**10. CEO/CFO CERTIFICATION:**

The Managing Director and Chief Finance Officer (CFO) certifies on the financial statement pursuant to Regulation 17(8) of the Listing Regulation is annexed and forms part of the Annual Report of the Company.

**11. GENERAL SHAREHOLDER INFORMATION:**

**a) Detail Programme of the 23rd ANNUAL GENERAL MEETING:**

**DATE** : 26th SEPTEMBER, 2017
**DAY** : TUESDAY
**TIME** : 11.30 A.M.
**VENUE** : YWCA BOMBAY INTERNATIONAL CENTRE
18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001

**b) FINANCIAL YEAR :** 1st April, 2016 to 31st March, 2017

**c) BOOK CLOSURE DATE :** 20th September, 2017 to 26th September, 2017 (Both days inclusive)

**d) LISTING ON STOCK EXCHANGES:**

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

**e) STOCK CODE :** BSE Limited : 531612

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

INE196C01022

**MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1ST APRIL, 2016 TO 31ST MARCH, 2017.**

| PERIOD FROM APRIL, 2016 TO MARCH, 2017 | PRICE PER SHARE | | NO.OF SHARES TRADED |
|---|---|---|---|
| | HIGH (RS.) | LOW (RS.) | |
| April, 2016 | 2.02 | 1.56 | 6,07,706 |
| May, 2016 | 2.01 | 1.60 | 2,59,796 |
| June, 2016 | 1.83 | 1.65 | 91,434 |
| July, 2016 | 1.65 | 1.44 | 1,29,120 |
| August, 2016 | 1.50 | 1.38 | 1,02,033 |
| September, 2016 | 1.51 | 1.37 | 1,97,086 |
| October, 2016 | 1.75 | 1.47 | 1,81,065 |
| November, 2016 | 1.83 | 1.68 | 1,88,860 |
| December, 2016 | 1.83 | 1.74 | 34,455 |
| January, 2017 | 1.92 | 1.80 | 53,858 |
| February, 2017 | 1.87 | 1.69 | 1,02,094 |
| March, 2017 | 1.80 | 1.69 | 20,013 |

(Source- www.bseindia.com)

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

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

**Link Intime India Pvt. Ltd.**
506-508, Amarnath Business Centre-1 (ABC-1),
Besides Gala Business Centre,
Near XT Xavier's College Corner, Off C G Road,
Ellisebridge, Ahmedabad- 380006.
Telephone No: 079-26465179.
Email: ahmedabad@linkintime.co.in

**h) 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.

**i) DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2017:**

| No. | Range of Holding | No. of Shareholders | No. of Shares | % to Capital |
|---|---|---|---|---|
| 1. | Up to 500 | 1645 | 222709 | 0.1001 |
| 2. | 501 to 1000 | 368 | 326787 | 0.1469 |
| 3. | 1001 to 2000 | 251 | 406066 | 0.1825 |
| 4. | 2001 to 3000 | 121 | 325768 | 0.1464 |
| 5. | 3001 to 4000 | 68 | 255560 | 0.1149 |
| 6. | 4001 to 5000 | 152 | 743368 | 0.3341 |
| 7. | 5001 to 10000 | 328 | 2830285 | 1.2720 |
| 8. | Above 10000 | 763 | 217389457 | 97.7031 |
| | **Total** | **3696** | **222500000** | **100.00** |

**k) SHAREHOLDING PATTERN AS ON 31st MARCH, 2017:**

| No. | Category | No. Of Shares | Percentage |
|---|---|---|---|
| 1. | Indian Public | 78566174 | 35.3106 |
| 2. | Hindu Undivided Families | 4847029 | 2.1784 |
| 3. | NRIs / OCBs | 243090 | 0.11 |
| 4. | Mutual Funds and UTI | 0 | 0 |
| 5. | Banks, Financial Institutions and Insurance Companies (Central Institutions) | 0 | 0 |
| 6. | Clearing Member | 2500602 | 1.1239 |
| 7. | Corporate Bodies | 6260762 | 2.81 |
| 8. | Indian Promoters | 119961736 | 53.92 |
| 9. | Foreign Institution Investors | 10120607 | 4.55 |
| | **TOTAL** | **222500000** | **100.00** |

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

Percentage of Shares held in Physical form : 17.21%

Percentage of Shares held in Electronic form : 82.79%

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

**n) ADDRESS FOR CORRESPONDENCE:**

B-15, Hirnen Shopping Centre Co. Op. Hsg, Society Ltd,
Near CITY Centre, S.V. Road, Goregaon (West),
Mumbai-400062.
Tel no.022-67256547
info@kgnindustries.com
www.kgnindustries.com

**For and on behalf of the Board of Directors of**
**KGN INDUSTRIES LIMITED**

**BABULAL JETHALAL HIRANI**
**DIRECTOR**
**DIN: 02362983**

**Date : 14th August, 2017**
**Place : Mumbai**

## DECLARATION

As required under SEBI Listing Regulations, it is hereby declared that all the Board Members and Senior Management Personnel of KGN INDUSTRIES LIMITED have affirmed the compliance with the Code of Conduct for the year ended March 31, 2017.

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

**Arifbhai Ismailbhai Memon**
**(Managing Director)**

**Place : Mumbai**
**Date : 14th August, 2017**

## CEO/CFO CERTIFICATION

To,
The Board of Director
KGN Industries Limited,
Mumbai

We, Mr. Narendra Tudiya, Chief Finance Officer and Mr. Arif I Memon, Managing Director of KGN Industries Limited (the Company), hereby certify to the Board that:

a) We have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:

   i) These statements do not contain any materiality untrue statement or omit any material fact or contain statement that might be misleading:

   ii) These statements together present a true and fair view of the Company affairs and are in compliance with the existing accounting standards, applicable laws, and regulations.

b) There are, to best of our knowledge and belief, no transactions entered into by company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We are responsible for establishing and maintaining Internal Controls for financial reporting in company and we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the audit Committee:

   i) Significant changes in Internal Controls over financial reporting during the year.

   ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements and

   iii) Instance of Significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company Internal Control System.

e) We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

**Date : 14th August, 2017**
**Place : Mumbai**

**Narendra C. Tudiya**
**Chief Finance officer**

**Arif I Memon**
**Managing Director**

## ANNEXURE-D

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

### I. REGISTRATION AND OTHER DETAILS :

| | | |
|---|---|---|
| i. | CIN | L23101MH1994PLC206282 |
| ii. | Registration Date | 14/10/1994 |
| iii. | Name of the Company | KGN INDUSTRIES LIMITED |
| iv. | Category/Sub-Category of the Company | Public Company Limited by Shares |
| v. | Address of the Registered office and contact details | B-15, Hirnen Shopping Centre Co.op.hsg, society Ltd, Near CITY Centre, S. V. Road, Goregaon (West), Mumbai-400062. Tel no.022-67256547 info@kgnindustries.com www.kgnindustries.com |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime (India) Private Limited 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near XT Xavier's College Corner, Off C G Road, Ellisebridge Ahmedabad 380006. Telephone No: 079-26465179. |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Service activities incidental to oil and gas extraction excluding surveying | 1120 | |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

| S. N. | Name And Address of The Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | KGN Projects Limited | U45202MH2010PLC201328 | Subsidiary | 100% | 2(87) |

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

**i. Category-wise Share Holding :**

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 35284 | 18000 | 53284 | 0.02 | 35284 | 18000 | 53284 | 0.02 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp | 119908452 | 0 | 119908452 | 53.89 | 119908452 | 0 | 119908452 | 53.89 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total(A)(1):-** | **119943736** | **18000** | **119961736** | **53.91** | **119943736** | **18000** | **119961736** | **53.91** | **0** |

**i. Category-wise Share Holding : (Contd.....)**

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | during the year |
| **2) Foreign** | | | | | | | | | |
| g) NRIs-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Other-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| j) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| k) Any Other…. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total(A)(2):-** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total Shareholding of Promoters (A)= (A)(1)+(A)(2)** | **119943736** | **18000** | **119961736** | **53.91** | **119943736** | **18000** | **119961736** | **53.91** | **0** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIIs | 10120607 | 0 | 10120607 | 4.55 | 10120607 | 0 | 10120607 | 4.55 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total(B)(1)** | **10120607** | **0** | **10120607** | **4.55** | **10120607** | **0** | **10120607** | **4.55** | **0** |
| **2. Non Institutions** | | | | | | | | | |
| **a) Bodies Corp.** | | | | | | | | | |
| (i) Indian | 6067411 | 0 | 6067411 | 15.66 | 6260762 | 0 | 6260762 | | |
| (ii) Overseas | | | | | | | | | |
| **b) Individuals** | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 23414459 | 3057120 | 26471579 | 11.89 | | | | | 1.17 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 21948062 | 6435000 | 28383062 | 12.76 | | | | | 1.64 |
| **c) Others(Specify)** | 5330955 | 0 | 5330955 | 2.4 | 2721605 | 0 | 2721605 | 1.22 | -1.18 |
| **Sub-total(B)(2)** | **51852816** | **38329120** | **90173936** | **40.53** | **54151537** | **38266120** | **89789100** | | **-0.07** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **64217144** | **38329120** | **102538264** | **46.09** | **64272144** | **38266120** | **99909707** | **46.08** | **-0.01** |
| **C. Shares held by Custodian for GDRs & ADRs** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Grand Total (A+B+C)** | **184160880** | **38339120** | **222500000** | **100.00** | **184215880** | **38284120** | **222500000** | **100.00** | **0** |

**ii. Shareholding of Promoters :**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encum-bered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encum-bered to total shares | |
| 1. | Ismail Gulmohmmed Memon | 10000 | 0.0045 | 0 | 10000 | 0.0045 | 0 | 0 |
| 2. | Arifbhai Ismailbhai Memon | 10284 | 0.0046 | 0 | 10284 | 0.0046 | 0 | 0 |
| 3. | KGN Holdings Pvt. Ltd | 119908452 | 53.89 | 0 | 119908452 | 53.89 | 0 | 0 |
| 4. | Farzanben Ismailbhai Memon | 17500 | 0.0079 | 0 | 17500 | 0.0079 | 0 | 0 |
| 5. | Khattuben Ismailbhai Memon | 7500 | 0.0034 | 0 | 7500 | 0.0034 | 0 | 0 |
| 6. | Nazneen Mohsinbhai Memon | 8000 | 0.0036 | 0 | 8000 | 0.0036 | 0 | 0 |
| | **TOTAL** | **119961736** | **53.91** | **0** | **119961736** | **53.91** | **0** | **0.000%** |

**iii. Change in Promoters' Shareholding(please specify, if there is no change) :**

| S. N. | Name of the Promoter/ Prometer Group | Shareholding at the begining of the year (01-04-2016) | | Date | Increase/ Decrease in Share-holding | Reason | Cumulative Shareholding during the year (31-03-2017) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1. | | | | | | | | |
| 2. | | | | | | | | |

**(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoter and Holders of GDRs and ADRs):**

| S. N. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (01.04.2016) | | Cumulative Shareholding during the year* | | Shareholding at the end of the year (31.03.2017) | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Elara India Opportunities Fund Limited | 9300607 | 4.18 | - | - | 9300607 | 4.18 |
| 2. | Jayprakash Mafatlal Vyas | 1999835 | 0.89 | - | - | 1999835 | 0.89 |
| 3. | Arcadia Share & Stock Brokers Pvt. Ltd. | 1963267 | 0.88 | 27825 | - | 1991092 | 0.88 |
| 4. | Imran Saleem Khan | 1687118 | 0.75 | - | - | 1687118 | 0.75 |
| 5. | Asif Abdul Gani Ansari | 1630891 | 0.73 | - | - | 1630891 | 0.73 |
| 6. | Hiral Dinesh Vora | 1513700 | 0.68 | - | - | 1513700 | 0.68 |
| 7. | Dinesh Jadavji Vora | 1513700 | 0.68 | - | - | 1513700 | 0.68 |
| 8. | Anilkumar Mansinghka | 2900000 | 1.29 | - | - | 2900000 | 1.29 |
| 9. | Paridhi Overseas Pvt. Ltd. | 3564299 | 1.59 | - | - | 3564299 | 1.59 |
| 10. | Dinesh Jain | 1345498 | 0.60 | - | - | 1345498 | 0.60 |

The shares of the company are traded frequently in dematerialized form and hence the date wise increase/ decrease in shareholding is not indicated.

**(v) Shareholding of Directors and Key Managerial personnel :**

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---|---|---|---|---|---|
| | | No. of shares of the company | % of total shares | No. of shares of the company | % of total shares |
| 1. | Arifbhai Ismailbhai Memon | 10284 | 0.0046 | 10284 | 0.0046 |

**V. INDEBTEDNESS :**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebted-ness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 0 | 22,021,483 | 0 | 22,021,483 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total (i+ii+iii)** | **0** | **22,021,483** | **0** | **22,021,483** |
| **Change in Indebtedness during the financial year** | | | | |
| - Addition | | | | |
| - Reduction | 0 | -12,54,434 | 0 | -12,54,434 |
| **Net Change** | **0** | **1,089,192** | **0** | **1,089,192** |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 0 | 20,767,049 | 0 | 20,767,049 |
| ii) Interest due but not paid iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | **0** | **20,767,049** | **0** | **20,767,049** |

**VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL :**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

| Sr. No. | Particulars of Remuneration | Name of Managing Director/ Whole-Time Director/Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| **1.** | **Gross Salary** | | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | NIL | | | | NIL |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | NIL | | | | NIL |
| | (c) Profits in lieu of salary under section17(3) Income Tax Act, 1961 | NIL | | | | NIL |
| | Stock Option | NIL | | | | NIL |
| | Sweat Equity | NIL | | | | NIL |
| | Commission<br>- as % of profit<br>- others, specify… | NIL<br><br>NIL | | | | NIL |
| | Others, please specify | | | | | |
| | **Total(A)** | **NIL** | | | | **NIL** |
| | Ceiling as per the Act | NIL | | | | NIL |

**B. Remuneration to other directors :**

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | --- | --- | --- | -- | |
| | **Independent Directors** | NIL | | | | 0 |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | | | | | |
| | **Total(1)** | | | | | **0** |
| | **Other Non-Executive Directors** | NIL | | | | 0 |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others, please specify | | | | | |
| | **Total(2)** | | | | | **0** |
| | **Total(B)=(1+2)** | | | | | **0** |
| | **Total Managerial Remuneration** | | | | | **0** |
| | **Overall Ceiling as per the Act** | | | | | |

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | |
| **1.** | **Gross salary** | | | | |
| | (a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961 | 0 | 0 | 0 | 0 |
| | (b) Value of perquisites u/s 17(2)Income-tax Act,1961 | 0 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3)Income-tax Act,1961 | 0 | 0 | 0 | 0 |
| **2.** | Stock Option | 0 | 0 | 0 | 0 |
| **3.** | Sweat Equity | 0 | 0 | 0 | 0 |
| **4.** | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify… | 0 | 0 | 0 | 0 |
| **5.** | Others, please specify | 0 | 0 | 0 | 0 |
| **6.** | **Total** | **0** | **0** | **0** | **0** |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :**

| Type | | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|---|
| **A.** | **Company** | | | | | |
| | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |
| **B.** | **irectors** | | | | | |
| | Penalty | | | NIL | | |
| | Punishment | | | | | |
| | Compounding | | | | | |
| **C.** | **Other Officers In Default** | | | | | |
| | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |

## AUDITORS' CERTIFICATE

To,
The Members
KGN Industries Limited,
Mumbai.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the KGN Industries Limited for the year ended 31st March, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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 specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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**

**Kirit Kumar**
**M.No: 03804**
**FRN : 132282**

**Place : Mumbai**
**Date : 14th August, 2017**

## INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN INDUSTRIES LIMITED,

**Report on the Financial Statements**

We have audited the accompanying financial statements of **KGN INDUSTRIES LIMITED ("the Company),** which comprise the Balance Sheet as at 31st March, 2017, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**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, 2017.

b) In the case of the Profit & Loss Account Statement Balance, of the profit for the year ended on 31st March, 2017.

c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2017.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure hereto a statement specified in paragraph 4 and 5 of the said order.

2. As required by section 143 (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 written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (v) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (vi) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      a. The Company has disclosed the impact of pending litigations its financial position in its standalone Ind AS financial statements;

      b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

      c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except in cases where in disputes relating to the ownership of the underlying shares have remained unresolved;

      d. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in specified Bank Notes as defined in the Notification S. O. 3407(E) dated the 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance and as produced to us by the Management.

3. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 & 4 of the Order.

**For Kirit & Co.**
**Chartered Accountant**

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

**Place : Ahmedabad**
**Date : 30th May, 2017**

## 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 in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

   (c) The title deeds of immovable properties are held in the name of the company.

2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

   (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

3. (a) The Company has granted unsecured loan to its Subsidiary Companies and parties in the register maintained under Section 189 of the Companies Act, 2013. The Maximum amount granted during the year and year end balances 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 31/03/2015 (in Rs.) |
|---|---|---|---|---|
| 1. | KGN Projects Limited | Subsidiary Company | 16,11,135/- | 16,11,135/- |
| 2. | KGN Enterprises Limited | Associates | 14,17,66,985/- | 13,82,16,175/- |

   (b) The Company has not taken loans, secured or unsecured from the companies or other parties covered in the register maintained u/s 189 of the Companies Act, 2013

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

   b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For Kirit & Co.**
**Chartered Accountant**

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

**Place : Ahmedabad**
**Date : 30th May, 2017**

## BALANCE SHEET AS AT 31st MARCH , 2017

(Amount in Rs.)

| Particulars | Note | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES :** | | | |
| **1 Shareholders' Funds** | | | |
| (a) Share Capital | 1 | 222,500,000 | 222,500,000 |
| (b) Reserves and Surplus | 2 | 396,924,366 | 396,508,742 |
| **2 Non-Current Liabilities** | | | |
| (a) Deferred Tax Liabilities | 3 | 882,516 | 882,516 |
| (b) Long-Term Borrowings | 4 | 3,500,000 | 3,500,000 |
| **3 Current Liabilities** | | | |
| (a) Short-Term Borrowings | 5 | 17,267,049 | 18,521,482 |
| (b) Other Current Liabilities | 6 | 2,867,291 | 3,212,272 |
| (c) Short-Term Provisions | 7 | 2,236,563 | 2,152,610 |
| **TOTAL** | | **646,177,785** | **647,277,622** |
| **II. ASSETS :** | | | |
| **Non-Current Assets** | | | |
| 1 (a) Fixed Assets | 8 | | |
| (i) Tangible Assets | | 544,473 | 882,068 |
| (ii) Intangible Assets | | 6,624 | 6,624 |
| (iii) Work In Progress | | 45,783,631 | 45,783,631 |
| (b) Non-Current Investments | 9 | 30,259,940 | 30,259,940 |
| (c) Long-Term Loans and Advances | 10 | 412,342,246 | 415,892,647 |
| (d) Other Non-Current Assets | 11 | - | - |
| 2 Current Assets | | | |
| (a) Inventories | | 3,229,597 | 4,562,737 |
| (b) Trade Receivables | 12 | 26,369,349 | 26,365,212 |
| (c) Cash And Cash Equivalents | 13 | 4,896,521 | 3,102,115 |
| (d) Short-Term Loans And Advances | 14 | 86,101,536 | 86,138,517 |
| (e) Other Current Assets | 15 | 36,643,868 | 34,284,130 |
| **TOTAL** | | **646,177,785** | **647,277,621** |

**Significant Accounting Policies**
**Notes on Financial Statements** **1 to 29**

**The Accompanying notes are an Integral Part of Financial Statements**

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | **Narendra Tundiya** |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | DIN : 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## Profit and Loss statement Balance for the year ended 31st March 2017

(Amount in Rs.)

| Particulars | Note | 2016-2017 | 2015-2016 |
|---|---|---|---|
| **INCOME :** | | | |
| I. Revenue From Operations | 16 | 5,064,834 | 5,437,900 |
| II. Other Income | 17 | 312,182 | - |
| **III. Total Revenue (I + II)** | | **5,377,016** | **5,437,900** |
| **IV. EXPENDITURE :** | | | |
| Purchase of Stock In Trade | | - | - |
| Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade | | 1,333,140 | 1,316,802 |
| Employee Benefits Expense | 18 | 822,956 | 381,988 |
| Finance Costs | 19 | 18,931 | 9,145 |
| Depreciation and Amortization Expense | 20 | 337,595 | 409,692 |
| Other Expenses | 21 | 2,263,847 | 2,764,537 |
| **Total Expenses** | | **4,776,469** | **4,882,164** |
| **V Profit Before Tax (III- IV)** | | **600,547** | **555,736** |
| **VI Tax Expense:** | | | |
| (1) Current Tax | | 184,923 | 186,675 |
| (2) Deferred Tax | | - | - |
| **VII Profit for the Year (V-VI)** | | **415,624** | **369,061** |
| VIII Earnings per Shares of Rs. 1/- each fully paid up (in Rs) | | | |
| Basic | | 0.002 | 0.004 |
| Diluted | | 0.002 | 0.004 |

**Significant Accounting Policies**
**Notes on Financial Statements** **1 to 29**

**The Accompanying notes are an Integral Part of Financial Statements**

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | **Narendra Tundiya** |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | DIN : 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 2016-2017

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| **Net Profit Before Tax as per Profit and Loss Statement Balance** | **600,547** | **555,736** |
| Adjustment For: | | |
| Depreciation and Amortisation Expenses | 337,595 | 409,692 |
| Depreciation for Disposal of assets | - | -1,039,191 |
| Finance Cost | 18,931 | 25,173 |
| Interest on Fixed Deposits | 243,578 | - |
| Excess Provision | - | - |
| **Operating Profit before Working Capital Changes** | **1,200,651** | **-48,590** |
| Adjustment For: | | |
| (Increase)/Decrease in Trade Receivable | -4,137 | 0 |
| (Increase)/Decrease in Inventories | 1,333,140 | 1,316,803 |
| (Increase)/Decrease in Other Current Assets | -2,359,738 | -3,978,044 |
| (Increase)/Decrease in Non Current Assets | - | - |
| Increase/(Decrease) in Other Current Liabilities | -344,981 | 81,002 |
| Increase/(Decrease) in Short Term Provision | 83,953 | -84,846 |
| **Changes in Working Capital** | **-1,291,763** | **-2,665,086** |
| **Cash Generated From Operations** | **-91,112** | **-2,713,676** |
| Taxes Paid | 184,928 | 2,430,275 |
| **Net Cash Flow from Operating Activities** | **-276,040** | **-5,143,951** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| (Purchase)/Sale of Fixed Assets | - | 1,239,691 |
| Interest on Fixed Deposits | -243,578 | - |
| Change in investment | - | - |
| Movement in Short Term Loan and Advances | 36,981 | 11,176 |
| Movement in Long Term Loans And Advances | 3,550,401 | 2,625,609 |
| **Net Cash Used in Investing Activities** | **3,343,804** | **3,876,476** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| Finance Cost | -18,931 | -25,173 |
| Dividend and Dividend Distribution Tax | - | - |
| Movement In Long Term Borrowing | - | - |
| Movement in Short Term Borrowings | -1,254,433 | 1,089,191 |
| Undeclared Dividend And Tax Thereon | - | - |
| **Net Cash Used in Financing Activities** | **-1,273,364** | **1,064,018** |
| **Net Cash flow (A+B+C)** | **1,794,400** | **-203,457** |
| **Cash & Cash Equivalents at the beginning of the year** | **3,102,120** | **3,305,577** |
| **Cash & Cash Equivalents at the end of the year** | **4,896,521** | **3,102,120** |

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | **Narendra Tundiya** |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | DIN : 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number | Amounts | Number | Amounts |
| **1. SHARE CAPITAL :** | | | | |
| **Authorised Share Capital :** | | | | |
| 23,00,00,000 Equity shares of Rs. 1 each (P.Y. : 23,00,00,000 Equity shares of Rs. 1 each) | 230,000,000 | 230,000,000 | 230,000,000 | 230,000,000 |
| | **230,000,000** | **230,000,000** | **230,000,000** | **230,000,000** |
| **Issued, Subscribed & Paid up :** | | | | |
| 22,25,00,000 Equity shares of Rs. 1 each (P.Y. : 22,25,00,000 Equity shares of Rs. 1 each) | 222,500,000 | 222,500,000 | 222,500,000 | 222,500,000 |
| **TOTAL** | **222,500,000** | **222,500,000** | **222,500,000** | **222,500,000** |

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

| Particulars | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number | Amount in Rs. | Number | Amount in Rs. |
| Shares Outstanding at the beginning of the year | 222,500,000 | 222,500,000 | 222,500,000 | 222,500,000 |
| Shares Issued during the year | -- | – | – | – |
| Shares bought back during the year | -- | – | – | – |
| Shares outstanding at the end of the year | **222,500,000** | **222,500,000** | **222,500,000** | **222,500,000** |

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

| Name of Shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| KGN Holdings Private Limited | 119,908,452 | 53.89% | 119,908,452 | 53.89% |

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **2. RESERVE & SURPLUS :** | | |
| **A. Share Premium** | | |
| Opening Balance | 350,000,000 | 350,000,000 |
| | **350,000,000** | 350,000,000 |
| **B. Profit & Loss Statement Balance** | | |
| Opening Balance | 46,508,742 | 46,139,681 |
| (+) Current Year Transfer | 415,624 | 369,061 |
| Less : Appropriation | -- | – |
| Undeclared Dividend | -- | – |
| Tax on Undeclared Dividend | -- | – |
| **Closing Balance** | **46,924,366** | **46,508,742** |
| **TOTAL** | **396,924,366** | **396,508,742** |
| **3. DEFERRED TAX LIABILITIES(NET) :** | | |
| Opening Balance | 882,516 | 882,516 |
| Add : During the Year | – | – |
| **TOTAL** | **882,516** | **882,516** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **4. LONG TERM BORROWING :** | | |
| **(a) Others** | 3,500,000 | 3,500,000 |
| **TOTAL** | **3,500,000** | **3,500,000** |
| **5 SHORT TERM BORROWINGS :** | | |
| **Unsecured :** | | |
| **(a) Other** | 17,267,049 | 18,521,482 |
| **TOTAL** | **17,267,049** | **18,521,482** |
| **6. OTHER CURRENT LIABILITIES :** | | |
| Audit Fees Payable | 152,600 | 132,600 |
| TDS Payable | 472,748 | 447,700 |
| Sundry Creditor For Expenses | 287,942 | 677,017 |
| Professional Tax | 3,925 | 1,175 |
| Others Current Liabilities | 1,950,076 | 1,953,784 |
| **TOTAL** | **2,867,291** | **3,212,276** |
| **7. SHORT TERM PROVISIONS :** | | |
| **(a) Provision for employee benefits** | | |
| Salary & Reimbursements | 104,500 | 23,521 |
| **(b) Others** | – | – |
| Provision for audit fees | 20,000 | 20,000 |
| Provision For Expenses | – | – |
| Provision for Income Tax A.Y. 2017-18 | 184,923 | - |
| Provision for Income Tax A.Y. 2016-17 | – | 186,675 |
| Provision for Income Tax | 1,927,140 | 1,922,414 |
| **TOTAL** | **2,236,563** | **2,152,610** |

**8. FIXED ASSETS :**

| | | Gross Block | | | | | Accumulated Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Balance as at 1-4-16 | Addition/ Disposal | Acquired through business Combinations | Revaluation/ Impairments | Balance as at 31-3-17 | Balance as at 1-4-16 | Depreciation for the year charge | Adjustment due to revaluation | On disposals | Balance as at 31-3-17 | Balance as at 31-3-17 | Balance as at 31-3-16 |
| **a** | **Tangible Assets** | | | | | | | | | | | | |
| | Furniture & Fixtures (6.33%) | - | - | - | - | - | - | - | - | - | - | - | - |
| | Vehicle (9.50%) | 2,847,783 | - | - | - | 2,847,783 | 2,261,073 | 281,069 | - | - | 2,542,142 | 305,641 | 586,710 |
| | Office Equipment (4.75%) | 367,804 | - | - | - | 367,804 | 118,892 | 11,936 | | - | 130,828 | 236,977 | 248,913 |
| | Computers (16.21%) | 994,300 | - | - | - | 994,300 | 947,854 | 44,590 | - | - | 992,444 | 1,856 | 46,446 |
| | **Total** | **4,209,886** | **-** | **-** | **-** | **4,209,886** | **3,327,818** | **337,595** | **-** | **-** | **3,665,413** | **544,473** | **882,068** |
| **b.** | **Intangible Assets** | | | | | | | | | | | | |
| | Trade Mark | 55,886 | - | - | - | 55,886 | 49,262 | - | - | - | 49,262 | 6,624 | 6,624 |
| | **Total** | **55,886** | **-** | **-** | **-** | **55,886** | **49,262** | **-** | **-** | **-** | **49,262** | **6,624** | **6,624** |
| **c.** | **Work In Progress** | | | | | | | | | | | | |
| | CBM BLOCK | 45,783,631 | - | | | 45,783,631 | - | | - | - | - | 45,783,631 | 45,783,631 |
| | **Total** | **45,783,631** | **-** | **-** | **-** | **45,783,631** | **-** | **-** | **-** | **-** | **-** | **45,783,631** | **45,783,631** |
| | **Total** | **50,049,403** | **-** | **-** | **-** | **50,049,403** | **3,377,080** | **337,595** | **-** | **-** | **3,714,675** | **46,334,728** | **46,672,323** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

| | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number of Shares | Amount (in R.s) | Number of Shares | Amount (in Rs.) |
| **9. NON-CURRENT INVESTMENTS :** | | | | |
| **A. TRADE INVESTMENTS** | -- | – | – | – |
| **B. OTHER INVESTMENTS** | | | | |
| **(A) In Equity Shares of Subsidiary Companies : UNQUOTED,** fully Paid up | | | | |
| KGN Projects Limited | 99,994 | 999,940 | 99,994 | 999,940 |
| **(B) In Equity Shares of other Companies** | | | | |
| Asian Logistics Limited | | 29,250,000 | | 29,250,000 |
| **(B) National Saving Certificate** | | 10,000 | | 10,000 |
| | | 30,259,940 | | 30,259,940 |
| **TOTAL (A+B)** | **99,994** | **30,259,940** | **99,994** | **30,259,940** |

**(Amount in Rs.)**

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **10. LONG TERM LOANS AND ADVANCES :** | | |
| **a. Loans and Advances to Related Parties** | | |
| Unsecured, considered good | | |
| KGN Enterprises Limited | 138,216,175 | 141,766,985 |
| KGN Properties Private Limited | 129,507,776 | 129,507,367 |
| **b. Others Loans and Advances** | | |
| Unsecured, considered good | 144,618,295 | 144,618,295 |
| **TOTAL** | 412,342,246 | 415,892,647 |
| **11. OTHER NON-CURRENT ASSETS :** | | |
| Preliminary Expenses not Written Off | -- | – |
| **TOTAL** | **--** | **–** |
| **12. TRADE RECEIVABLE :** | | |
| **(Unsecured and Considered Good)** | | |
| Over Six Months | 26,369,349 | 26,365,212 |
| Other | – | – |
| **TOTAL** | **26,369,349** | **26,365,212** |
| **13. CASH AND CASH EQUIVALENTS :** | | |
| a. Balances with banks | 979,630 | 1,098,591 |
| b. Cash in hand | 1,916,891 | 3,529 |
| c. Fixed Deposit with Bank | 2,000,000 | 2,000,000 |
| **TOTAL** | 4,896,521 | 3,102,120 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **14. SHORT-TERM LOANS AND ADVANCES :** | | |
| **a. Security Deposit** | | |
| Unsecured, considered good | | |
| Deposit with Government Authority | 83,513,200 | 83,513,200 |
| Other Deposits | 418,500 | 496,500 |
| **a. Loans and Advances to Related Parties** | | |
| KGN Project Limited | 1,611,135 | 1,610,317 |
| **b. Others (specify nature)** | | |
| Unsecured, considered good | | |
| Balance With Revenue Authority | 24,001 | – |
| Other | 534,700 | 518,500 |
| **TOTAL** | **86,101,536** | **86,138,517** |
| **15. OTHER CURRENT ASSETS :** | | |
| Interest Receivable | 974,804 | 758,799 |
| Other Income Receivable | 32,309,195 | 30,198,401 |
| Other Receivable | -- | – |
| Prepaid Insurance | -- | – |
| Preliminary Expenses not Written Off | -- | – |
| Sales Tax Credit | 542,769 | 586,986 |
| Service Tax Credit | 2,817,100 | 2,739,944 |
| **TOTAL** | **36,643,868** | **34,284,130** |

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **16. REVENUE FROM OPERATION :** | | |
| Income from Operation | 884,340 | 1,450,900 |
| Other Income | 4,180,494 | 3,987,000 |
| **TOTAL** | **5,064,834** | **5,437,900** |
| **17. OTHER INCOME :** | | |
| Interest on Fixed Deposit | 243,578 | – |
| Other Income | 68,604 | – |
| **TOTAL** | **312,182** | **–** |
| **18. EMPLOYEE BENEFITS EXPENSE :** | | |
| (a) Salaries and Incentives | 771,680 | 358,286 |
| (c) Directors' Sitting Fees | -- | – |
| (c) Staff Welfare Expenses | 51,276 | 23,702 |
| **TOTAL** | **822,956** | **381,988** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **19. FINANCE COST :** | | |
| Bank Charges | 18,931 | 8,945 |
| Interest On Professional Tax | -- | – |
| Other | – | 200 |
| **TOTAL** | **18,931** | **9,145** |
| **20. DEPRECIATION & AMORTISATION EXPENSES :** | | |
| Depreciation on Fixed Assets | 337,595 | 409,692 |
| Preliminary Expense Written Off during the year | -- | – |
| **TOTAL** | **337,595** | **409,692** |
| **21. OTHER EXPENSES :** | | |
| **A. ADMINISTRATION EXPENSES :** | | |
| Advertisement Expenses | 68,960 | 48,700 |
| Audit Fees Expenses | 20,000 | 20,000 |
| Books & Periodicals | 1,008 | 1,128 |
| Car Expenses | 400 | – |
| Conveyance Expenses | 24,437 | 22,749 |
| Brokerage Expenses | -- | 9,000 |
| Donation Expenses | 13,500 | 4,100 |
| Electricity Expenses | 60,180 | 69,140 |
| Food & Refreshment Expenses | 17,305 | 56,710 |
| Hotel Club & Hospitality Expenses | – | 6,412 |
| Insurance Expenses | 6,350 | 32,383 |
| Legal & Professional Fees | 249,000 | 344,696 |
| Listing(BSE & ASE) Fees | 310,000 | 100,000 |
| Lodging & Boarding Expenses | 23,809 | 17,720 |
| Membership Fees Expenses | 1,000 | 6,940 |
| Miscellaneous Expenses | 74,296 | 54,202 |
| Office Expenses | 1,148 | 4,862 |
| Office Rent, Rate & Taxes Expenses | 168,000 | 168,000 |
| Petrol Expense | 109,840 | 59,066 |
| Pooja Expenses | -- | 3,100 |
| Postage & Courier Expenses | 5,480 | 5,691 |
| Printing & Stationery Expenses | 22,436 | 37,427 |
| Property Tax | -- | 53,388 |
| Repair & Maintenance Expenses | 31,696 | 58,087 |
| ROC Expenses | 5,120 | 84,367 |
| Annual Custody Fees | 150,000 | 150,000 |
| Society Maintenance Expenses | -- | 28,453 |
| Telephone & Broadband Expenses | 68,697 | 91,320 |
| Sales Promotion Expenses | 36,251 | 60,536 |
| Travelling Expenses | 784,760 | 1,160,761 |
| Web Development Expenses | 10,174 | 5,599 |
| **TOTAL** | **2,263,847** | **2,764,537** |

**22.** Contingent Liability is not provided for is 'NIL'.

**23.** All debit and credit balance and accounts squared up during the period are subject to confirmation from respective parties.

**24.** In the opinion of the Board of Directors, Current Asset, Non - Current Assets are approx. 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.

## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 :

**25.** Previous years' figures have been reallocated / restated / rearranged / regrouped whereever necessary.

**26. Payment to Auditors :**

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| A. For Statutory Audit | 20,000/- | 20,000/- |
| B. For Tax Audit | -- | – |
| C. For Consulting Fees | -- | – |
| | **20,000/-** | **20,000/-** |

**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 :**

| No. | Name of Related Party | Relationship |
|---|---|---|
| 1. | KGN Projects Limited | Subsidiary |
| 2. | KGN Enterprises Limited | Enterprise over which Key Managerial Personnel are able to exercise significant influence |
| 3 | Arif I Memon | Key Managerial Personnel |

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

| No. | Name of Related Party | Nature of Transaction | Transaction Amount | Closing Balance |
|---|---|---|---|---|
| 1 | KGN Projects Limited | Loans & Advances given (net) | 819/- | 16,11,135/- |
| 2 | KGN Enterprises Limited | Loans & Advances Returned (net) | 35,50,810/- | 13,82,16,175/- |
| 3 | Arif Memon | Loan Repayment | 2,88,297/- | 1,52,23,185/- |

**28. DETIALS OF PAYMENT TO THE AUDITOR :**

| Particulars | SBNs | Other Denomination Notes | Total |
|---|---|---|---|
| Closing Cash in Hand as on 08.11.2016 | 242,439.00 | - | 242,439.00 |
| Add: Permitted Receipts | 20,000.00 | - | 20,000.00 |
| Less: Permitted payments | -20,000.00 | - | -20,000.00 |
| Less: Amount Deposited in Banks | -112,000.00 | - | -112,000.00 |
| Closing Cash in Hand as on 30.12.2016 | 130,439.00 | - | 130,439.00 |

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

**Babulal Hirani**
Director
DIN : 02362983

**Arif Memon**
Managing Director
DIN : 00209693

**Narendra Tundiya**
Chief Financial Officer
DIN : 03175848

**Date : 30.05.2017**
**Place : Mumbai**

## 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, 2013, 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. 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.

**5. 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.

**6. PRELIMINARY EXPENDITURE:**

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

No preliminary expenses have been written off during the year.

**7. 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.

**8. 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 is resulting from difference between depreciation as per Companies Act, 2013 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.

No Deferred Tax Assets/Liabilities during the year.

**9. 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.

**10. 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.

**11. 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 exists, an asset's recoverable is estimated.

An Impairment loss is recognized whenever Carrying Amount of 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.

**12. 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.

**13. GENERAL ACCOUNTING POLICIES**

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

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | **Narendra Tundiya** |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | DIN : 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN INDUSTRIES LIMITED,

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated financial statements of **KGN INDUSTRIES LIMITED** ("the Company), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2017, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 appropriates of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

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

a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as on 31st March, 2017;

b) In the case of the Consolidated Profit & Loss Account Statement Balance, of the profit of the Group for the year ended on that date and;

c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

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

**Date : 30.05.2017**
**Place : Ahmedabad**

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(Amount in Rs.)

| Particulars | Note | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES :** | | | |
| **1 Shareholders' Funds** | | | |
| (a) Share Capital | 1 | 222,500,000 | 222,500,000 |
| (b) Reserves and Surplus | 2 | 397,752,604 | 397,331,339 |
| **2 Non-Current Liabilities** | | | |
| (a) Deferred Tax Liabilities (Net) | 3 | 882,516 | 882,516 |
| (b) Long-Term Borrowings | 4 | 3,500,000 | 3,500,000 |
| **3 Current Liabilities** | | | |
| (a) Short-Term Borrowings | 5 | 17,308,445 | 18,562,878 |
| (b) Trade Payables | | 2,563,315 | 2,563,315 |
| (c) Other Current Liabilities | 6 | 2,867,291 | 3,212,276 |
| (d) Short-Term Provisions | 7 | 2,241,084 | 2,156,860 |
| **TOTAL** | | **649,615,255** | **650,709,184** |
| **II. ASSETS :** | | | |
| **Non-Current Assets** | | | |
| 1 (a) Fixed Assets | 8 | | |
| (i) Tangible Assets | | 544,473 | 882,068 |
| (ii) Intangible Assets | | 6,624 | 6,624 |
| (iii) Work in progress | | 45,783,631 | 45,783,631 |
| (b) Non-Current Investments | 9 | 29,260,000 | 29,260,000 |
| (c) Long-Term Loans and Advances | 10 | 418,342,246 | 421,892,647 |
| 2 Current Assets | | | |
| (a) Inventories | | 3,229,597 | 4,562,737 |
| (b) Trade Receivables | 11 | 26,369,349 | 26,365,212 |
| (c) Cash And Cash Equivalents | 12 | 4,945,066 | 3,143,935 |
| (d) Short-Term Loans And Advances | 13 | 84,490,401 | 84,528,200 |
| (e) Other Current Assets | 14 | 36,643,868 | 34,284,130 |
| **TOTAL** | | **649,615,255** | **650,709,184** |

**Significant Accounting Policies**
**Notes to Accounts** **1 to 25**

**The Accompanying notes are an Integral Part of Financial Statements**

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

**Babulal Hirani**
Director
DIN : 02362983

**Arif Memon**
Managing Director
DIN : 00209693

Narendra Tundiya
Chief Financial Officer
03175848

**Date : 30.05.2017**
**Place : Mumbai**

## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in Rs.)

| Particulars | Note | 2016-2017 | 2015-2016 |
|---|---|---|---|
| **INCOME :** | | | |
| **I. Revenue From Operations** | **15** | **5,075,814** | **5,456,935** |
| II. Other Income | 16 | 312,182 | -- |
| **III. Total Revenue (I + II)** | | **5,387,996** | **5,456,935** |
| **IV. EXPENDITURE :** | | | |
| Purchases of Stock-in-Trade | | | |
| Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade | | 1,333,140 | 1,316,802 |
| Employee Benefits Expense | 17 | 822,956 | 381,988 |
| Finance Costs | 18 | 18,931 | 8,763 |
| Depreciation and Amortization Expense | 19 | 337,595 | 409,692 |
| Other Expenses | 20 | 2,266,665 | 2,775,925 |
| **Total Expenses** | | **4,779,287** | **4,893,170** |
| **V Profit Before Tax (III- IV)** | | **608,709** | **563,765** |
| VI Tax Expense: | | | |
| (1) Current Tax | | 187,444 | 188,925 |
| (2) Deferred Tax | | -- | – |
| (2) Excess Provision of Income Tax | | -- | – |
| **VII Profit for the Year (V-VI)** | | **421,265** | **374,840** |
| VIII Earnings per Shares of Rs. 1/- each fully paid up ( in Rs.) | | | |
| Basic | | 0.002 | 0.002 |
| Diluted | | 0.002 | 0.002 |

**Significant Accounting Policies**
**Notes to Accounts** **1 to 25**

**The Accompanying notes are an Integral Part of Financial Statements**

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | Narendra Tundiya |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 2016-2017

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| Net Profit Before Tax as per Profit and Loss Statement Balance | 608,709 | 563,765 |
| Adjustment For: | | |
| Depreciation and Amortisation Expenses | 337,595 | 409,692 |
| Depreciation for Disposal of assets | -- | -1,039,191 |
| Excess Provisions | -- | – |
| Finance Cost | 18,931 | 8,763 |
| Interest on Fixed Deposits | -243,578 | – |
| **Operating Profit before Working Capital Changes** | **721,657** | **-56,971** |
| Adjustment For: | | |
| (Increase)/Decrease in Trade Receivable | -4,137 | – |
| (Increase)/Decrease in Inventories | 1,333,140 | 1,316,803 |
| (Increase)/Decrease in Other Current Assets | -2,359,738 | -3,978,044 |
| (Increase)/Decrease in Other Non-Current Assets | -- | – |
| Increase/(Decrease) in Other Current Liabilities | -344,985 | 81,006 |
| Increase/(Decrease) in Short Term Provisions | 84,224 | -84,731 |
| Increase/(Decrease) in Long Term Provisions | -- | – |
| **Changes in Working Capital** | **-1,291,496** | **-2,664,966** |
| Cash Generated From Operations | **-569,839** | **-2,721,937** |
| Taxes Paid | 187,444 | 2,432,350 |
| **Net Cash Flow from Operating Activities** | **-757,283** | **-5,154,287** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| Purchase of Fixed Assets | - | 1,239,690 |
| Preference Share Redeemed | -- | – |
| Being Capital Reserve Created | -- | – |
| Interest on Fixed Deposits | 243,578 | – |
| Movement in Short Term Loans And Advances | 37,799 | 23,550 |
| Movement in Long Term Loans And Advances | 3,550,401 | 2,625,609 |
| **Net Cash Used in Investing Activities** | **3,831,778** | **3,888,849** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| Finance Cost | -18,931 | -8,763 |
| Dividend and Dividend Distribution Tax | -- | – |
| Movement in Long Term Borrowings | -- | – |
| Movement in Short Term Borrowings | -1,254,433 | 1,089,191 |
| Undeclared Dividend & Tax Thereon | – | – |
| **Net Cash Used in Financing Activities** | **-1,273,364** | **1,080,428** |
| **Net Cash flow (A+B+C)** | **1,801,131** | **-185,010** |
| **Cash & Cash Equivalents at the beginning of the year** | **3,143,935** | **3,328,945** |
| **Cash & Cash Equivalents at the end of the year** | **4,945,066** | **3,143,935** |

As Per our Report of even date

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

**Babulal Hirani**
Director
DIN : 02362983

**Arif Memon**
Managing Director
DIN : 00209693

Narendra Tundiya
Chief Financial Officer
03175848

**Date : 30.05.2017**
**Place : Mumbai**

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number | Amounts | Number | Amounts |
| **1. SHARE CAPITAL :** | | | | |
| **Authorised Share Capital :** | | | | |
| 23,00,00,000 Equity shares of Rs. 1 each (P.Y. : 23,00,00,000 Equity shares of Rs. 1 each) | 230,000,000 | 230,000,000 | 230,000,000 | 230,000,000 |
| | **230,000,000** | **230,000,000** | **230,000,000** | **230,000,000** |
| **Issued, Subscribed & Paid up :** | | | | |
| 22,25,00,000 Equity shares of Rs. 1 each (P.Y. : 22,25,00,000 Equity shares of Rs. 1 each) | 222,500,000 | 222,500,000 | 222,500,000 | 222,500,000 |
| **TOTAL** | **222,500,000** | **222,500,000** | 222,500,000 | 222,500,000 |

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

| Particulars | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number | Amount in Rs. | Number | Amount in Rs. |
| Shares Outstanding at the beginning of the year | 222,500,000 | 222,500,000 | 222,500,000 | 222,500,000 |
| Shares Issued during the year | -- | – | – | – |
| Shares bought back during the year | -- | – | – | – |
| Shares outstanding at the end of the year | **222,500,000** | **222,500,000** | 222,500,000 | 222,500,000 |

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

| Name of Shareholder | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| KGN Holdings Private Limited | 119,908,452 | 53.89% | 119,908,452 | 53.89% |

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **2. RESERVE & SURPLUS :** | | |
| **A. Share Premium** | | |
| Opening Balance | 350,000,000 | 350,000,000 |
| | **350,000,000** | 350,000,000 |
| **B. Capital Reserve** | | |
| Consolidated Reserve | 60 | 60 |
| | **60** | **60** |
| **C. Profit & Loss Statement Balance** | | |
| Opening Balance | 47,331,279 | 46,956,439 |
| (+) Current Year Transfer | 421,265 | 374,840 |
| **Less : Appropriation** | – | – |
| **Add: Undeclared Dividend & Tax Thereon** | | |
| Undeclared Dividend | -- | – |
| Tax On Undeclared Dividend | -- | – |
| **Closing Balance** | **47,752,544** | **47,331,279** |
| **TOTAL** | **397,752,604** | **397,331,339** |
| **3. DEFERRED TAX LIABILITIES(NET) :** | | |
| Opening Balance | 882,516 | 882,516 |
| Add : During The Year | -- | – |
| **TOTAL** | **882,516** | **882,516** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **4. LONG TERM BORROWINGS :** | | |
| (a) Others | 3,500,000 | 3,500,000 |
| **TOTAL** | **3,500,000** | 3,500,000 |
| **5. SHORT TERM BORROWINGS :** | | |
| **Unsecured** | | |
| **(a) Loans and Advances From Related Parties** | | |
| Others | 17,308,445 | 18,562,878 |
| **TOTAL** | **17,308,445** | **18,562,878** |
| **6. OTHER CURRENT LIABILITIES :** | | |
| Audit Fees Payable | 152,600 | 132,600 |
| TDS Payable | 472,748 | 447,700 |
| Sundry Creditor For Expenses | 287,942 | 677,017 |
| Professional Tax | 3,925 | 1,175 |
| Others | 1,950,076 | 1,953,784 |
| **TOTAL** | **2,867,291** | **3,212,276** |
| **7. SHORT TERM PROVISIONS :** | | |
| **(a) Provision for employee benefits** | | |
| Salary & Reimbursements | 104,500 | 23,521 |
| **(b) Others** | | |
| Provision for Audit fees | 22,000 | 22,000 |
| Provision for Expenses* | – | – |
| Provision for Income Tax A.Y. 2017-18 | 187,444 | – |
| Provision for Income Tax A.Y. 2016-17 | | 188,925 |
| Provision for Income Tax* * | 1,927,140 | 1,922,414 |
| **TOTAL** | **2,241,084** | **2,156,860** |

**8. FIXED ASSETS :**

| | | Gross Block | | | | | Accumulated Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Balance as at 1-4-16 | Addition/ Disposal | Acquired through busines | Revaluation/ Impair- | Balance as at 31-3-17 | Balance as at 1-4-16 | Depreciation charge | Adjustment due to | On disposals | Balance as at 31-3-17 | Balance as at 31-3-16 | Balance as at 31-3-16 |
| a | **Tangible Assets** | | | | | | | | | | | | |
| | Furniture and Fixtures (6.33%) | - | - | - | - | - | - | - | - | - | - | - | - |
| | Vehicles (9.50%) | 2,847,783 | - | - | - | 2,847,783 | 2,261,073 | 281,069 | - | - | 2,542,142 | 305,641 | 586,710 |
| | Office equipment (4.75%) | 367,804 | - | | | 367,804 | 118,892 | 11,936 | | - | 130,828 | 236,976 | 248,912 |
| | Computers(16.21%) | 994,300 | - | - | - | 994,300 | 947,854 | 44,590 | - | - | 992,444 | 1,856 | 46,446 |
| | **Total** | **4,209,887** | **-** | **-** | **-** | **4,209,887** | **3,327,819** | **337,595** | **-** | **-** | **3,665,414** | **544,473** | **882,068** |
| b. | **Intangible Assets :** | | | | | | | | | | | | |
| | Trade Mark | 55,886 | - | - | - | 55,886 | 49,262 | - | - | - | 49,262 | 6,624 | 6,624 |
| | **Total** | **55,886** | **-** | **-** | **-** | **55,886** | **49,262** | **-** | **-** | **-** | **49,262** | **6,624** | **6,624** |
| c. | **Work in Progress** | | | | | | | | | | | | |
| | CBM Block | 45,783,631 | - | | | 45,783,631 | - | - | - | - | - | 45,783,631 | 45,783,631 |
| | **Total** | **45,783,631** | **-** | **-** | **-** | **45,783,631** | **-** | **-** | **-** | **-** | **-** | **45,783,631** | **45,783,631** |
| | **Total** | **50,049,404** | **-** | **-** | **-** | **50,049,404** | **3,377,081** | **337,595** | **-** | **-** | **3,714,676** | **46,334,728** | **46,672,323** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

| | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number of Shares | Amount (in R.s) | Number of Shares | Amount (in Rs.) |
| **9. NON-CURRENT INVESTMENTS :** | | | | |
| **A. OTHER INVESTMENTS :** | | | | |
| **(A) In Equity Shares Of Other Companies** | | | | |
| Asian Logistics Limited | | 29,250,000 | | 29,250,000 |
| **(B)** National Saving Certificate | | 10,000 | | 10,000 |
| | | 29,260,000 | | 29,260,000 |
| **TOTAL (A+B)** | **–** | **29,260,000** | – | 29,260,000 |

**(Amount in Rs.)**

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **10. LONG TERM LOANS AND ADVANCES :** | | |
| **a. Loans and Advances to Related Parties** | | |
| Unsecured, considered good | | |
| KGN Enterprises Limited | 138,216,175 | 141,766,985 |
| KGN Properties Private Limited | 129,507,776 | 129,507,367 |
| **b. Others Loans and Advances** | | |
| Unsecured, considered good | | |
| Others | 150,618,295 | 150,618,295 |
| **TOTAL** | **418,342,246** | **421,892,647** |
| **11. TRADE RECEIVABLE :** | | |
| **(Unsecured and Considered Good)** | | |
| Over Six Months | 26,369,349 | 26,365,212 |
| Other | – | – |
| **TOTAL** | **26,369,349** | **26,365,212** |
| **12. CASH AND CASH EQUIVALENTS :** | | |
| a. Balances with banks | 991,601 | 1,112,812 |
| b. Cash in hand | 1,953,465 | 31,123 |
| c. Fixed Deposit with Bank | 2,000,000 | 2,000,000 |
| **TOTAL** | **4,945,066** | **3,143,935** |
| **13. SHORT-TERM LOANS AND ADVANCES :** | | |
| **a. Security Deposit** | | |
| Unsecured, considered good | | |
| Deposit with Government Authority | 83,513,200 | 83,513,200 |
| Other Deposits | 418,500 | 496,500 |
| **b. Others (specify nature)** | | |
| Balance With Revenue Authority | 24,001 | – |
| Others | 534,700 | 518,500 |
| **TOTAL** | 84,490,401 | 84,528,200 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 |
|---|---|---|
| **14. OTHER CURRENT ASSETS :** | | |
| Interest Receivable | 974,804 | 758,799 |
| Other Income Receivable | 32,309,195 | 30,198,401 |
| Other Receivable | -- | – |
| Prepaid Insurance | -- | – |
| Service Tax input credit | 2,817,100 | 2,739,944 |
| Preliminary Expenses not written off | -- | – |
| Sales Tax Credit | 542,769 | 586,986 |
| **TOTAL** | 36,643,868 | 34,284,130 |

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **15. REVENUE FROM OPERATION :** | | |
| Income From Operation | 884,340 | 1,450,900 |
| Other Income | 4,191,474 | 4,006,035 |
| **TOTAL** | **5,075,814** | **5,456,935** |
| **16. OTHER INCOME :** | | |
| Interest on Fixed Deposit | 243,578 | – |
| Other Income | 68,604 | – |
| **TOTAL** | **312,182** | **–** |
| **17. EMPLOYEE BENEFITS EXPENSE :** | | |
| (a) Salaries and Incentives | 771,680 | 358,286 |
| (b) Director Sitting Fees | -- | – |
| (c) Staff Welfare Expenses | 51,276 | 23,702 |
| **TOTAL** | **822,956** | **381,988** |
| **18. FINANCE COST :** | | |
| Bank Charges | 18,931 | 8,563 |
| Interest on Professional Tax | -- | – |
| Interest On TDS | -- | 200 |
| **TOTAL** | **18,931** | **8,763** |
| **19. DEPRECIATION & AMORTISATION EXPENSES :** | | |
| Depreciation on Fixed Assets | 337,595 | 409,692 |
| Preliminary Expense Written Off during the year | -- | – |
| **TOTAL** | **337,595** | **409,692** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| **20. OTHER EXPENSES :** | | |
| **A. ADMINISTRATION EXPENSES :** | | |
| Advertisement Expenses | 68960 | 48,700 |
| Audit Fees Expenses | 22000 | 22,000 |
| Bad Debt Written Off | -- | – |
| Books And Periodicals | 1008 | 1,128 |
| Car Expenses | 400 | – |
| Cable & Internet Expenses | -- | – |
| Conveyance Expenses | 24437 | 22,007 |
| Brokerage Expenses | - | 9,000 |
| Donation Expenses | 13500 | 4,100 |
| Electricity Expenses | 60180 | 69,140 |
| Food & Refreshment Expenses | 17305 | 56,710 |
| Hotel Club & Hospitality Expenses | - | 6,412 |
| Insurance Expenses | 6350 | 32,383 |
| Income Tax Expenses | – | – |
| Legal & Professional Fees | 249000 | 348,696 |
| Listing(BSE & ASE) Fees | 310000 | 100,000 |
| Lodging & Boarding Expenses | 23809 | 17,720 |
| Membership Fees Expenses | 1000 | 6,940 |
| Miscellaneous Expenses | 74296 | 54,202 |
| Office Expenses | 1148 | 4,862 |
| Office Rent, Rate & Taxes Expenses | 168000 | 168,000 |
| Petrol Expense | 109840 | 59,066 |
| Pooja Expenses | - | 3,100 |
| Postage & Courier Expenses | 5480 | 5,691 |
| Printing & Stationery Expenses | 22436 | 37,427 |
| Property Tax | - | 53,388 |
| Repair & Maintenance Expenses | 31696 | 58,087 |
| ROC Expenses | 5938 | 90,497 |
| Annual Custody Fees | 150000 | 150,000 |
| Society Maintenance Expenses | - | 28,453 |
| Telephone & Broadband Expenses | 68697 | 91,320 |
| Sales Promotion Expenses | 36251 | 60,536 |
| Travelling Expenses | 784760 | 1,160,761 |
| Web Development Expenses | 10174 | 5,599 |
| **TOTAL** | **2,266,665** | **2,775,925** |

**21.** Contingent Liabilities not provided for is Rs. Nil

**22.** All debit and credit balance and accounts squared up during the period are subject to confirmation from respective parties.

**23.** In the opinion of the Board of Directors, Current Asset, Non - Current Assets are approx. 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.** Previous years' figures have been reallocated / restated / rearranged / regrouped where ever necessary.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

**25. Payment to Auditors :**

| Particulars | 2016-2017 | 2015-2016 |
|---|---|---|
| A. For Statutory Audit | 22,000/- | 22,000/- |
| B. For Tax Audit | -- | – |
| C. For Consulting Fees | -- | – |
| | **22,000/-** | **22,000/-** |

**26. 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 :**

| No. | Name of Related Party | Relationship |
|---|---|---|
| 1. | KGN Projects Limited | Subsidiary |
| 2. | KGN Enterprises Limited | Enterprise over which Key Managerial Personnel are able to exercise significant influence |
| 3 | Arif I Memon | Key Managerial Personnel |

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

| No. | Name of Related Party | Nature of Transaction | Transaction Amount | Closing Balance |
|---|---|---|---|---|
| 1 | KGN Projects Limited | Loans & Advances given (net) | 819/- | 16,11,135/- |
| 2 | KGN Enterprises Limited | Loans & Advances Returned (net) | 35,50,810/- | 13,82,16,175/- |
| 3 | Arif Memon | Loan Repayment | 2,88,297/- | 1,52,23,185/- |

**27. DETAILS OF PAYMENT TO THE AUDITOR :**

| Particulars | SBNs | Other Denomination Notes | Total |
|---|---|---|---|
| Closing Cash in Hand as on 08.11.2016 | 279,013.00 | - | 279,013.00 |
| Add: Permitted Receipts | 20,000.00 | - | 20,000.00 |
| Less: Permitted payments | -20,000.00 | - | -20,000.00 |
| Less: Amount Deposited in Banks | -112,000.00 | - | -112,000.00 |
| Closing Cash in Hand as on 30.12.2016 | 167,013.00 | - | 167,013.00 |

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

**Babulal Hirani**
Director
DIN : 02362983

**Arif Memon**
Managing Director
DIN : 00209693

Narendra Tundiya
Chief Financial Officer
03175848

**Date : 30.05.2017**
**Place : Mumbai**

## SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS :

**1.** The Consolidated Financial Statements comprises of the Financial Statements of KGN Industries (the Holding Company) and its Subsidiary. The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Holding Company and its Subsidiaries Companies have been combined on a line by line basis adding together the book values of like items of Assets, Liabilities, Income and Expenses, after fully eliminating the Intra-Group Balances, Intra-Group Transactions and Unrealized Profit and Losses in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements".

The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

i. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**2.** Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting FOR Investments".

**3. Other Significant Accounting Policies :**
These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

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

| Subsidiaries | Country of Incorporation | % of Voting Power as at 31st March, 2017 (Including Beneficial Interest) |
|---|---|---|
| KGN Projects Limited | India | 99.99% |

**For Kirit & Co.**
Chartered Accountants

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

**Date : 30.05.2017**
**Place : Ahmedabad**

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

| **Babulal Hirani** | **Arif Memon** | Narendra Tundiya |
|---|---|---|
| Director | Managing Director | Chief Financial Officer |
| DIN : 02362983 | DIN : 00209693 | 03175848 |

**Date : 30.05.2017**
**Place : Mumbai**

## DETAILS OF SUBSIDIARY COMPANY 2016-2017

| **Name of the Subsidiary : KGN Projects Limited<br>Financial Years Ends On 31st March, 2017** | **Amount in Rs.** |
|---|---|
| Share Capital | 10,00,000 |
| Reserves | 8,28,178 |
| Borrowings | 16,52,531 |
| Other Liabilities | 25,67,836 |
| **Total Liabilities** | **60,48,545** |
| Cash & Cash Equivalents | 48,545 |
| Loans & Advances | 60,00,000 |
| Other Assets | NIL |
| **Total Assets** | **60,48,545** |
| Turnover | 10,980 |
| **Total Income** | **10,980** |
| Employee Benefit Expense | NIL |
| Depreciation And Amortisation Expense | NIL |
| Other Expense | 2,818 |
| **Total Expenses** | **2,818** |
| Profit before Taxation | 8,162 |
| Provision for Taxation | 2,521 |
| Profit After Taxation | 5,641 |
| Proposed Dividend | NIL |
| Basic (E.P.S.) | 0.06 |
| Diluted (E.P.S.) | 0.06 |

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

**Babulal J Hirani**
**Director**
**DIN : 02362983**

# KGN INDUSTRIES LIMITED

Regd. Office: B- 15, Hirnen Shopping Centre co. op. hsg. Society Limited, Near City Centre,
S.V. Road, Goregaon (West), Mumbai – 400062.

Tel: +91 – 22- 6654 1101 E-mail:info@kgnindustries.com
Website: www.kgnindustries.com CIN: L23101MH1994PLC206282

## PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**ANNUAL GENERAL MEETING – 26th September, 2017 at 11.30 A.M.**

Name of the member(s) :_____

Registered Address :_____

E.Mail Id :_____ Folio No./Client Id :_____ DP ID :_____

I/We, being the member(s) of KGN ENTERPRISES LIMITED, holding shares of the above named company, hereby appoint:

1. Name :_____

   Address :_____

   Email ID :_____ Signature :_____ or failing him / her

2. Name :_____

   Address :_____

   Email ID :_____ Signature :_____ or failing him / her

3. Name :_____

   Address :_____

   Email ID :_____ Signature :_____ or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the 23rd Annual General Meeting to be held on Tuesday, the 26th day of September 2017 at 11:30 A..M. at the **YWCA BOMBAY INTERNATIONAL CENTRE** 18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business :**

1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2017 and Profit and Loss Account for the year ended on that date together with the Cash flow Statement along with the Directors Report and Auditors Report thereon.
2. To reappoint **Mr. Arif Memon** (DIN: 00209693), Director of the Company who retires by rotation and being eligible offers himself for reappointment.
3. To appoint **M/s. Maak & Associates** (Firm Registration No. 135024W) Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board to fix their remuneration.

**Special Business:**

4. To appoint **Mr. Ismail Memon** as a director of the company
5. To appoint **Mr. Mohsin Ismail Memon** as a director of the company:
6. To appoint **Mr. Narendra Chaturbhai Tundiya** as a director of the company
7. To appoint **Ms. Sakina Aiyyaz** Pimpalnerwala as a director of the company

Affix Re. 1/- Revenue Stamp

Signed this _____ day of _____, 2017

Signature of shareholder :_____

Signature of Proxy holder(s) :_____

**Notes :-**

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a Member of the Company.
3. In case the Member appointing proxy is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. Appointing a proxy does not prevent a Member from attending the meeting in person if he/she so wishes.

## FORM FOR UPDATION/REGISTRATION OF E-MAIL ADDRESS

**KGN Industries Limited**
B- 15, Hirnen Shopping Centre,
Co. op. hsg. Society Limited,
Near City Centre, S.V Road,
Goregaon (West), Mumbai – 400062

### Sending of Notices, Annual Reports and Accounts & other documents through Electronic Mode

Dear Sirs,

I hereby update/register my e-mail address provided below for receiving the Notices, Annual Reports and Accounts and other documents from the Company through electronic mode:-

Email Address : _____

Name of the Sole /First Holder : _____

DP ID/Client ID/ Registered Folio No. : _____

Contact Nos.:Mobile : _____

Landline : _____

_____
Signature of the Sole/First Holder

Date :_____

**Notes :**

1. The Notices, Annual Reports and Accounts and other documents are sent in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories.
2. This Form can also be downloaded from the Company's website www.kgnindustries.com.

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## ATTENDANCE SLIP

Regd. Folio No :_____ ** DP ID :_____

** Client ID :_____

### 23rd Annual General Meeting - 26-09-2017

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the 23rd Annual General Meeting of the Company held on Tuesday, the 26th September, 2017 at 11:30 A.M. at the YWCA BOMBAY INTERNATIONAL CENTRE 18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001.

_____ _____

*Member's/ Proxy's Name in Block Letter *Member's/ Proxy Signature

**Note :**

1. Member/ Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed, at the registration counter.
2. The copy of the Notice may please be brought to the Meeting Hall.

* Strike out whichever is not applicable.

** Applicable only in case of investors holding shares in Electronic Form.

Book Post

To

*If undelivered, please return to :*

**KGN INDUSTRIES LIMITED**

**Registered Office:**

B-15, Hirnen Shopping Centre co. op. hsg. Society Limited,
Near City Centre, S.V. Road, Goregaon (West), Mumbai-400062.